

CFTC Ex. 533

## **Long Leaf Trading Group**

***Ruth, Jeremy 2019-09-26***

***9/26/2019 9:50 AM***

**Condensed Transcript**

**Prepared by:**

Ashley Burden  
CFTC

Friday, October 29, 2021

		Page 1			Page 3
1	UNITED STATES OF AMERICA		1	I N D E X	
	BEFORE THE		2	WITNESS	EXAMINATION
2	COMMODITY FUTURES TRADING COMMISSION		3	JEREMY RUTH	
3			4	By Mr. Burden	4, 99, 211
4	IN THE MATTER OF: )		5	By Mr. Patrick	93, 209
	)		6		
5	LONG LEAF TRADING GROUP, INC. )			E X H I B I T S	
6			7	CFTC EXHIBIT	MARKED FOR ID
7			8	No. 1	5
8				No. 116	6
9			9	No. 117	8
10				No. 118	⑩
11	The examination under oath of JEREMY		10	No. 119	⑪
12	RUTH, taken pursuant to subpoena and the rules			No. 120	⑫
13	of the U.S. Commodity Futures Trading Commission,		11	No. 121	104
14	reported by Mary Maslowski, a Certified Shorthand			No. 122	124
15	Reporter and Notary Public within and for the County		12	No. 123	127
16	of Cook and State of Illinois, at 525 West Monroe			No. 124	156
17	Street, 9th Floor, Chicago, Illinois, commencing at		13	No. 125	162
18	the hour of 9:50 o'clock on September 26, 2019.			No. 126	167
19			14	No. 127	171
20				No. 128	173
21			15	No. 129	174
22				No. 130	177
23			16	No. 131	180
24				No. 132	184
			17	** No. 133	193
				No. 134	227
			18		
			19		
			20	** NOTE: Exh bit No. 133 is an audio file	
			21	which was not tendered for inclusion	
				in the transcript.	
			22		
			23		
			24		
1	A P P E A R A N C E S:	Page 2			
2	MR. ASHLEY J. BURDEN, Senior Trial Attorney		1	JEREMY RUTH,	
3	MS. ELIZABETH M. STREIT, Trial Team Leader		2	called as a witness herein, having been first duly	
	MR. JOSEPH J. PATRICK, Investigator		3	sworn, was examined and testified as follows:	
4	U.S. COMMODITY FUTURES TRADING COMMISSION		4	EXAMINATION	
	DIVISION OF ENFORCEMENT		5	BY MR. BURDEN:	
5	525 West Monroe Street, Suite 1100		6	Q All right. Mr. Ruth, I'm Ashley	
	Chicago, Illinois 60661		7	Burden. This is Joe Patrick and Beth Streit. We	
6	(312) 596-0700		8	are officers of the Commission for the purposes of	
7			9	this proceeding. This is an investigation by the	
8	On behalf of the U.S. Commodity		10	United States Commodity Futures Trading Commission	
9	Futures Trading Commission;		11	in the matter of Long Leaf Trading Group to	
10	CHUHAK & TECSON, P.C.		12	determine whether there have been violations of	
11	BY MR. ANDREW S. MAY		13	certain provisions of the Commodity Exchange Act	
12	30 South Wacker Drive, Suite 2600		14	and regulations. However, the facts developed in	
13	Chicago, Illinois 60606		15	this investigation might constitute violations of	
	(312) 855-6105 (direct)		16	other federal or state, civil or criminal laws.	
	amay@chuhak.com		17	Prior to the opening of the	
			18	record you were provided with a copy of the	
	On behalf of the Witness.		19	formal order of investigation in this matter. It	
14			20	will be available for your examination during the	
15			21	course of this proceeding. Mr. Ruth, have you had	
16			22	an opportunity to review the formal order?	
17			23	A Is that what I just reviewed?	
18			24	Q Yes.	
19					
20					
21					
22					
23	CSR License No. 084-003278.				
24					

	Page 5		Page 7
1       MR. MAY: The document that he just 2 handed us, yes. 3           (Whereupon CFTC Exhibit No. 1 was 4           marked for identification, MM.) 5 BY MR. BURDEN: 6   Q All right. I want to hand you what I've 7 marked as CFTC Exhibit 1. 8   MR. MAY: Are we sharing or do you have 9 copies for counsel? 10      MR. BURDEN: I have copies for counsel, 11 of course. 12      MR. MAY: Okay. 13 BY MR. BURDEN: 14   Q Mr. Ruth, prior to the opening 15 of the record you were provided with a copy of 16 the Commission's Statement to Persons Providing 17 Information about Themselves to the CFTC. A copy 18 of that statement has been marked as Exhibit No. 1. 19       Mr. Ruth, have you had the opportunity 20 to read Exhibit No. 1? 21   A Yes. 22   Q All right. Do you have any questions 23 about the exhibit? 24   A No.	1       MR. BURDEN: All right. Are you 2 holding in your hand the production for 3 Mr. Ruth? 4       MR. MAY: I am. Maybe I'll just describe 5 it. It's been Bates stamped Ruth 001 through 6 Ruth 056. 7       MR. BURDEN: All right. Do you know 8 what would be good I think? Do you have an 9 electronic version of those? 10      MR. MAY: That is the problem I had, 11 getting it on the memory stick. 12      MR. BURDEN: It is no problem at all. 13 Is that everything? 14      MR. MAY: It is. 15      MR. BURDEN: Well, I'll tell you what. 16 How about I take that off of you. I'll mark 17 it as an exhibit, and then we'll just scan -- 18      MR. MAY: Do you want to use -- do you 19 want to use it as a number or a letter? 20      MR. BURDEN: I'm sorry? 21      MR. MAY: You're going to be using it -- 22 Okay. So -- 23      MR. BURDEN: I don't know if we'll have 24 an opportunity to use these during testimony,		
	Page 6		Page 8
1   Q Mr. Ruth, are you represented by counsel? 2   A Yes. 3    MR. BURDEN: All right. Mr. May, would 4 you please identify yourself for the record. 5    MR. MAY: Sure. Andrew May, Chuhak & 6 Tecson, 30 South Wacker, Suite 26, Chicago, 7 Illinois, 60606. The number is (312) 855-6105. 8      (Whereupon CFTC Exhibit No. 116 was 9      marked for identification, MM.) 10 BY MR. BURDEN: 11   Q All right. Mr. Ruth, I want to hand 12 you what I've marked as CFTC Exhibit 116. Mr. Ruth, 13 is this a copy of the subpoena that you're appearing 14 pursuant to here today? 15   A Yes. 16   Q Mr. Ruth, the subpoena calls for a 17 production of certain documents, and you'll see a 18 list of them appended to the subpoena on Exhibit A. 19 Have you tendered to the Staff all documents called 20 for by the subpoena, which currently is none? 21   A I gave them to my attorney for review. 22    MR. BURDEN: All right. Mr. May, will 23 we be receiving a production from -- 24    MR. MAY: Yes.	1 there's that many. So we'll try to look into 2 it over lunch. 3       MR. MAY: Sure. 4       MR. BURDEN: The production date was 5 earlier -- 6       MR. MAY: Yeah, that did not get diaried 7 by our office. 8       MR. BURDEN: Sorry? 9       MR. MAY: That did not get diaried by 10 our office, the production date. 11      MR. BURDEN: That's okay. I'm not 12 going to bust your chops about it, but it may 13 require Mr. Ruth to return, though hopefully 14 not. 15      (Whereupon CFTC Exhibit No. 117 was 16      marked for identification, MM.) 17   Q All right. Mr. Ruth, I'm going to 18 hand you what I've marked as CFTC Exhibit 117. 19 Do you recognize Exhibit 117? 20    MR. MAY: Can I ask you, you don't 21 mind me marking on these? 22      MR. BURDEN: No, you go right ahead. 23 Now, we can't let you take them with you, 24 but whatever you need to do on them. We'll		

<p>1 just throw them out when you're done.      2 MR. MAY: Okay.      3 A Yes, I recognize it.      4 BY MR. BURDEN:      5 Q Can you tell me what Exhibit 117 is,      6 please.      7 A The documents that I'm providing in      8 response to the subpoena.      9 Q All right. And is this, the documents      10 we see in Exhibit 117, is that the sum total of the      11 responsive documents to the CFTC's subpoena?      12 MR. MAY: Are you having -- do you have      13 a question for me?      14 THE WITNESS: Yes.      15 MR. MAY: Okay. Do you mind if I ask      16 him some questions?      17 MR. BURDEN: We don't usually allow it,      18 but it seems like --      19 MR. MAY: No.      20 MR. BURDEN: -- it might be appropriate.      21 MR. MAY: Yeah.      22 MR. BURDEN: So go right ahead, Mr. May.      23 MR. MAY: So, Mr. Ruth, did you tender      24 a number of documents to me to assist you in</p>	<p>Page 9</p> <p>1 subpoena are here.      2 Q Got it. So there's no more documents      3 you expect to produce?      4 A Not to my understanding.      5 Q Okay. Mr. Ruth, have you withheld any      6 documents called for by the subpoena based on any      7 claim of privilege?      8 A What do you mean by privilege?      9 Q I'm sure you will have talked      10 about this with your counsel but attorney-client      11 privilege, the Fifth Amendment privilege against      12 self-incrimination?      13 A No.      14 Q All right. So if you would, please,      15 please describe the search that was conducted for      16 the subpoenaed records.      17 A What do you mean by that?      18 Q Well, the documents we see in      19 Exhibit 117, those are documents that you found      20 and you gave them to your lawyer and your lawyer      21 produced them to us, right?      22 A Correct.      23 Q So where did you get those documents      24 from in 117? Were they maybe in a file drawer?</p>
<p>1 complying with the subpoena?      2 THE WITNESS: Yes.      3 MR. MAY: And did I review the subpoena      4 and decide on your behalf what documents were      5 responsive and which ones weren't?      6 THE WITNESS: Yes.      7 MR. MAY: Okay. And the documents that      8 we're tendering to the CFTC is essentially the      9 documents that I've come to the conclusion are      10 responsive?      11 THE WITNESS: Yes.      12 MR. MAY: Okay.      13 MR. BURDEN: All right. So thank you,      14 Mr. May.      15 Q So the subpoena essentially calls      16 for all documents in your possession relating to      17 Long Leaf Trading?      18 A Um-hmm.      19 Q Yes?      20 A That is my understanding, yes.      21 Q All right. So are all of those documents      22 in CFTC Exhibit 117?      23 A The documents that I gave to Mr. May,      24 the ones that he determined were responsive to the</p>	<p>Page 10</p> <p>1 Were they on your computer? Where did you find      2 them?      3 A I mean, they were predominantly emails      4 between me and principals and former principals and      5 attorneys of Long Leaf Trading Group.      6 Q Okay. So you looked in your email account,      7 correct?      8 A Yeah, correct.      9 Q And what's the address for that email      10 account?      11 A Jeremysruth@hotmail.com.      12 Q And do you have any other email accounts?      13 Why is that funny?      14 A I don't know. Hotmail's really old.      15 Q It is. I always laugh when I see a      16 Hotmail or a Yahoo.      17 A Yeah.      18 Q All right. So you looked in your Hotmail      19 account, right?      20 A Yeah.      21 Q Where else did you look for responsive      22 documents?      23 A Well, the only other documents that      24 I would have had would be with a Long Leaf email</p>

<p style="text-align: right;">Page 13</p> <p>1 account, which I don't have access to because I'm 2 not, I guess, affiliated with them. 3 Q Got it. 4 MR. MAY: So you didn't produce those? 5 THE WITNESS: No. 6 BY MR. BURDEN: 7 Q And you can't produce them because you 8 don't have access -- 9 A Right. 10 Q -- to that email address, right? 11 A Right. I just have -- these are 12 the only emails that I have in my personal stuff 13 or any documents that I have. 14 Q Got it. So do you have any physical 15 files in your home or office? 16 A No. 17 Q Any paper copies of documents? 18 A No. That was -- as you'll see from these 19 documents, it's prevented from that happening. 20 Q Why is that? 21 A It's a violation of their, I don't know, 22 protocols I guess. 23 Q So did you have any documents that 24 you used at Long Leaf that you maybe took home</p>	<p style="text-align: right;">Page 15</p> <p>1 testimony before, Mr. Ruth? 2 A No. 3 Q All right. So I'm sure your counsel 4 went over these with you, but for the record I want 5 to do some quick rules of the road. 6 A Okay. 7 Q So the first is be sure to answer 8 my questions verbally, please. There's a natural 9 tendency to nod or shake your head or in my case, 10 you know, make an affirmative noise. So say yes or 11 no. Give your answer. Do you understand? 12 A Yes. 13 Q All right. You and I should try not 14 to talk over each other. I'm the guy that does 15 this the most, so I'll be extra mindful of it. But 16 I'm sure our court reporter, Mary Maslowski, will 17 remind us if we start doing that. 18 A Okay. 19 Q And you know what a good rule of thumb 20 is, and I'm sure your lawyer already told you, is 21 if I ask you a question, take a breath, then answer 22 it, you know. I don't want to ask you any questions 23 in testimony that confuse you or that you don't 24 understand. So do you promise that if something</p>
<p style="text-align: right;">Page 14</p> <p>1 in a bag or that you put in a file? 2 A No, no, no. 3 Q Do you know of any documents responsive 4 to the subpoena but not provided that were in your 5 possession at some other time but have since been 6 lost or destroyed or disposed of? Maybe you threw 7 them away or you moved, anything like that? 8 A I mean, there's obviously documents 9 when I was -- I don't know if you want to call 10 it an employee or independent contractor of Long 11 Leaf Trading Group, but I don't have any of those 12 documents. 13 Q Well, did you take any of those documents 14 home? 15 A No. 16 Q At any point? 17 A No. I mean, I don't know if no 18 is right. I don't have any, but I don't recall. 19 I mean, maybe one day I brought a document home 20 but ... 21 Q And maybe you threw it away but you 22 don't remember either way, correct? 23 A Correct. Yeah, I don't. 24 Q All right. Have you ever given sworn</p>	<p style="text-align: right;">Page 16</p> <p>1 confuses you, you'll tell me? 2 A Yes. 3 Q All right. So what I want to do first 4 is talk a little about your personal background, 5 your education, your professional credentials and 6 then we're going to move on to Long Leaf Trading, 7 all right? 8 A All right. 9 Q All right. So, Mr. Ruth, what is the 10 highest level of education you received, please. 11 A High school diploma. 12 Q Any college in there? 13 A Yeah. 14 Q How much, please. 15 A 98 percent completion. 16 Q All right. So three or four years then? 17 A Yes. 18 Q And where did you attend college? 19 A College of DuPage and the University 20 of Houston. 21 Q And what did you study there, please. 22 A Hotel and restaurant management. 23 Q What professional licenses or 24 certifications do you hold?</p>

<p style="text-align: right;">Page 17</p> <p>1 A Currently nothing I guess you could say.</p> <p>2 Q I ought to know this, but do you currently hold a Series 3 or did you let that lapse?</p> <p>3 A It's an interesting situation. I don't know if it ever lapsed, but I'm not currently registered with the NFA.</p> <p>7 Q Got it, okay. But do you have a Series 3 license currently?</p> <p>9 A I mean --</p> <p>10 MR. MAY: Can I ask a question?</p> <p>11 A -- I've passed the Series 3 test, yes.</p> <p>12 MR. MAY: Okay. That's where I was going to go. Okay.</p> <p>14 A But I don't think they like give you a license so ...</p> <p>16 BY MR. BURDEN:</p> <p>17 Q All right. Any other operational licenses or certifications that you've previously held?</p> <p>20 A I was certified in sanitation in the state of Illinois.</p> <p>22 Q What else, please.</p> <p>23 A I think that's it.</p> <p>24 Q All right. So let's talk a bit,</p>	<p style="text-align: right;">Page 19</p> <p>1 A One year.</p> <p>2 Q All right. What did you do before Yodle?</p> <p>3 A I worked in real estate, which going back means I had a professional license in the state of Texas to be a real estate agent.</p> <p>6 Q All right. And before real estate?</p> <p>7 A I worked in the restaurant industry.</p> <p>8 Q Okay. So was Long Leaf Trading your first experience working for a financial firm?</p> <p>10 A Yes.</p> <p>11 Q All right. What did you do after you left Long Leaf Trading?</p> <p>13 A I went to Postrock Brokerage.</p> <p>14 Q And how long did you work at Postrock Brokerage for?</p> <p>16 A So I think it would be like the first week of September of 2017 until May 2nd of 2019.</p> <p>18 Q All right. So what have you done since -- what have you been doing since May of 2019, please.</p> <p>21 A I've been trying to open up my own GIB.</p> <p>22 Q And who would be the guarantor of that GIB?</p> <p>23 A Multiple people that I'm trying to guarantee my IB, multiple different FCMs.</p>
<p style="text-align: right;">Page 18</p> <p>1 if we could, please, about your professional background. During what period of time did you work for Long Leaf Trading?</p> <p>4 A March 13, 2015 to a day in late August of 2017.</p> <p>6 Q All right. So what did you do before you joined Long Leaf Trading, please.</p> <p>8 A I worked in like the internet marketing industry.</p> <p>10 Q Okay. Can you be a little more specific, please. Like what company, how about that?</p> <p>12 A I worked for a company called Yodle.</p> <p>13 Q What did Yodle do, please.</p> <p>14 A Internet marketing for small to medium-sized businesses.</p> <p>16 Q Was there anything in particular they focused on?</p> <p>18 A Google AdWords.</p> <p>19 Q Okay. So it's not like finance stuff. It's just sort of general internet marketing, is that fair to say?</p> <p>22 A Yes.</p> <p>23 Q All right. And how long did you work for Yodle, please.</p>	<p style="text-align: right;">Page 20</p> <p>1 Q Got it. So have you settled on one yet or is that still in the works?</p> <p>3 THE WITNESS: How do I answer that question?</p> <p>5 MR. MAY: To the best of your ability.</p> <p>6 A Yeah. I mean, I'm trying to. I'm having some issues getting registered.</p> <p>8 BY MR. BURDEN:</p> <p>9 Q Why is that?</p> <p>10 A I don't know. I was hoping maybe you guys could fill me in on that.</p> <p>12 Q I mean, we can't answer any questions but --</p> <p>14 A Yeah. I'm in the dark on --</p> <p>15 Q I don't know.</p> <p>16 A -- a lot of things that are going on.</p> <p>17 Q So you're not currently registered, correct?</p> <p>19 A No.</p> <p>20 Q All right. So let's talk about your experience trading options sort of generally. So it sounds like when you started working at Long Leaf Trading, that was your first experience with options, is that right?</p>

<p style="text-align: right;">Page 21</p> <p>1 A Correct.</p> <p>2 Q Have you traded personally in any</p> <p>3 futures or options products for your own account?</p> <p>4 A With real money, no.</p> <p>5 Q What about for the accounts of others?</p> <p>6 A Have I traded personally for the accounts</p> <p>7 of others? No, I don't think so.</p> <p>8 Q All right.</p> <p>9 A Like are you asking if I had like</p> <p>10 discretionary --</p> <p>11 Q Yeah, sure. You know, what I'm trying</p> <p>12 to ascertain is your knowledge and experience with</p> <p>13 respect to options trading. I understand that you</p> <p>14 worked for Long Leaf Trading as a senior broker,</p> <p>15 is that correct?</p> <p>16 A Yeah. I mean, that might be like a</p> <p>17 self-designated title, but yeah.</p> <p>18 Q And we'll get into that, right? That's</p> <p>19 why you're here.</p> <p>20 A Yeah.</p> <p>21 Q But, otherwise, I want to know have</p> <p>22 you done any options trading for yourself? And it</p> <p>23 sounds like the answer's no, correct?</p> <p>24 A No, no.</p>	<p style="text-align: right;">Page 23</p> <p>1 A Well, I mean, it's not like the</p> <p>2 firm gave me responsibilities. So it's whatever</p> <p>3 you want to -- you know, my goal is to acquire</p> <p>4 clients and have them generate, you know, revenues</p> <p>5 for the firm and myself.</p> <p>6 Q All right.</p> <p>7 A Yeah.</p> <p>8 Q So your customers at Postrock -- did you</p> <p>9 have customers at Postrock?</p> <p>10 A Yes.</p> <p>11 Q All right. So did they trade in options?</p> <p>12 A Yes.</p> <p>13 Q All right. Did they trade out-of-the-money</p> <p>14 option spreads?</p> <p>15 A Out-of-the-money option spreads.</p> <p>16 MR. MAY: And we're talking about</p> <p>17 at Postrock.</p> <p>18 A At Postrock?</p> <p>19 BY MR. BURDEN:</p> <p>20 Q Yeah.</p> <p>21 A I mean, I'm not 100 percent positive</p> <p>22 if I could use the word out of the money, but they</p> <p>23 traded option spreads.</p> <p>24 Q Got it.</p>
<p style="text-align: right;">Page 22</p> <p>1 Q Have you done any trading for other</p> <p>2 people, perhaps clients or family or friends or</p> <p>3 anything like that?</p> <p>4 A Yeah. I mean, I think that's where</p> <p>5 I need clarification. Like I -- the accounts</p> <p>6 I opened are self-directed accounts in a broker-</p> <p>7 assisted environment so -- but I didn't -- the trade</p> <p>8 ideas and all that kind of stuff came from another</p> <p>9 person.</p> <p>10 Q Got it. I understand. Thank you.</p> <p>11 The work you did for Postrock, can you describe</p> <p>12 that, please.</p> <p>13 A I was an associated person.</p> <p>14 Q And did you do the same type of work at</p> <p>15 Postrock that you did at Long Leaf Trading, i.e.,</p> <p>16 sales?</p> <p>17 A I guess what do you mean by the same?</p> <p>18 What did I do at Long Leaf?</p> <p>19 Q Yeah, yeah. What was your -- we want</p> <p>20 to get into Long Leaf, but I want to quickly touch</p> <p>21 on Postrock. What was your job title at Postrock?</p> <p>22 A Just associated person.</p> <p>23 Q All right. And what were your</p> <p>24 responsibilities, please.</p>	<p style="text-align: right;">Page 24</p> <p>1 A Probably some were in the money and out</p> <p>2 of the money, yeah.</p> <p>3 Q So at Postrock were your clients also</p> <p>4 broker-assisted clients?</p> <p>5 A Yes.</p> <p>6 Q Got it. All right. So let's talk about</p> <p>7 Long Leaf Trading, if we could, please. So I think</p> <p>8 you testified that you worked at Long Leaf Trading</p> <p>9 from March 13th of 2015 through sometime into late</p> <p>10 August of 2017, is that right?</p> <p>11 A Yeah. I mean, I became an associated</p> <p>12 person I don't think until like April 24th or</p> <p>13 26th of 2015. So, I mean, before that I was just</p> <p>14 studying for the Series 3 and sitting there and</p> <p>15 watching what was going on. I don't know if I was</p> <p>16 technically employed.</p> <p>17 Q All right. So what was your job title</p> <p>18 when you started at Long Leaf Trading?</p> <p>19 A I don't know. Associated person,</p> <p>20 commodities associate, something like that.</p> <p>21 Q All right. And did that title change</p> <p>22 when you were registered as an associated person?</p> <p>23 A I mean, we didn't really do titles.</p> <p>24 We just -- kind of just some day like, you know,</p>

<p style="text-align: right;">Page 25</p> <p>1 we were commodity associates and then some day      2 we woke up and said, well, we're senior commodity      3 associates.</p> <p>4 Q Yeah, I was going to ask about that.      5 So is that a meaningful distinction, senior --      6 A No, I don't think so. I don't know.      7 Q Was that a title you gave yourself?      8 A Probably, yeah.      9 Q All right. So when you started in      10 March of 2015, what were your responsibilities?      11 What did you do at Long Leaf Trading?      12 A I was studying for the Series 3.      13 Q What else did you do?      14 A Got people coffee.      15 Q What else?      16 A That was pretty much it.      17 Q All right. And were you paid for that?      18 A Interesting question. I think the      19 deal that I had was if I passed the Series 3,      20 I would be compensated. But I ended up failing the      21 Series 3 the first time I took it, so I don't think      22 I was compensated. And then I passed the Series 3      23 the second time I took it.      24 Q All right. And after you passed</p>	<p style="text-align: right;">Page 27</p> <p>1 A I was supposed to be compensated      2 in the event that I passed my Series 3 on the first      3 try, but I didn't.      4 Q Oh, so you were getting retroactive comp      5 if you passed, correct?      6 A Yeah, I think something of that nature.      7 Q All right. And you didn't the first      8 time --      9 A No.      10 Q -- but you passed eventually, correct?      11 A Yes.      12 Q All right. So when did you      13 begin -- or I should ask instead when you      14 started as an associated person, what were your      15 job responsibilities then?      16 A To bring in customers.      17 Q Did you have any other responsibilities?      18 A I mean, it's -- I think at the time      19 there was like three or four associated persons      20 and then, you know, the owner, principal, the      21 compliance officer. So, I mean, I don't know. Just      22 like general office stuff. I think they designated      23 me maybe as like the IT guy.      24 Q All right. So one of your tasks</p>
<p style="text-align: right;">Page 26</p> <p>1 the Series 3, was that when you were registered      2 as an associated person?      3 A I would -- yeah, I would assume so, yeah.      4 Q That's right?      5 A That I was an associated person after      6 I passed the Series 3?      7 Q Correct.      8 A Yeah. I mean, that was the whole      9 purpose of getting the Series 3, was to be an      10 associated person, yeah.      11 Q So when did you pass that Series 3 then,      12 please.      13 A I can't remember the exact date, but      14 I would assume my NFA record reflects it. But I      15 think it's April 24th, if I'm not mistaken, 2015.      16 I wouldn't hold me to that but it's --      17 Q I'm sorry. I thought you testified      18 that you were registered as an AP in April of 2016.      19 Was it 2015?      20 A 2015.      21 Q There we go. That makes a lot more      22 sense. So for a month you were kind of hanging out,      23 getting coffee, studying for your Series 3 and not      24 being compensated, correct?</p>	<p style="text-align: right;">Page 28</p> <p>1 was to bring in customers, right?      2 A Yeah.      3 Q And you sort of had an informal role      4 as an IT person, is that correct?      5 A Yeah, like fixing computers and making      6 sure that they can print and stuff like that, yeah.      7 Q What else did you do?      8 A Just learned, studied, talked to people.      9 That's about it.      10 Q All right. Was your primary responsibility      11 to bring in customers?      12 A Yeah, that's what I was hired to do, yes.      13 Q All right. And was that your primary      14 responsibility through April of 2015 until you left      15 the firm?      16 A I think you have those dates -- I left      17 the firm in August of 2017.      18 Q I understand. I mean, was bringing      19 in customers your primary job duty from the time      20 that you were registered as an AP in April of '15?      21 A Yeah, yeah, I could -- I mean, you could      22 say that, yeah.      23 Q All right. At Long Leaf Trading who      24 supervised you, please.</p>

<p style="text-align: right;">Page 29</p> <p>1 A Tim Evans and towards the end of my 2 tenure Brian Adams as well.</p> <p>3 Q Any other supervisors during your tenure 4 at Long Leaf?</p> <p>5 A No, no.</p> <p>6 Q And did you supervise anybody at Long Leaf?</p> <p>7 A I mean, I had the same job title 8 as a lot of people but, I mean, my personality 9 might -- I don't know, could be perceived as. 10 But, I mean, I was never given like an official 11 supervisor designation.</p> <p>12 Q Let me ask you this. Who, stepping 13 back to supervising again, who hired you at Long 14 Leaf Trading?</p> <p>15 A Tim Evans.</p> <p>16 Q Did you ultimately quit or were you fired?</p> <p>17 A I don't know how to answer that question. 18 It's one of those, you know --</p> <p>19 Q I'll ask you what happened later, how 20 about that?</p> <p>21 A Yeah, it's -- I don't know. He --</p> <p>22 I don't know. I guess if you were to reflect the 23 record, maybe I'm fired but ...</p> <p>24 Q Who fired you?</p>	<p style="text-align: right;">Page 31</p> <p>1 A What do you mean by that?</p> <p>2 Q Well, did you get salary? Did you 3 get commissions? Did you get a mix of salary and 4 commission?</p> <p>5 A The thing changed every five minutes, 6 so let's see. I think originally my deal was I got 7 like \$1500 a month and then 20 percent of revenues 8 generated I guess by my efforts or in coordination 9 with my efforts. At one point I got 40 percent of 10 all commissions generated, but then I think I had 11 to pay like salaries of other people. Then I had 12 like a sliding scale compensation structure where 13 it depended on like the amount of new accounts I 14 opened. And then in going back to the team-based 15 environment, like who was involved in the opening 16 of the account process.</p> <p>17 Q Got it. So it sounds like originally 18 you had sort of a \$1500-a-month salary but then you 19 would get commissions in some amount, is that right?</p> <p>20 A Yeah.</p> <p>21 Q So that \$1500, was that a draw?</p> <p>22 A No.</p> <p>23 Q So you just got that?</p> <p>24 A Yep.</p>
<p style="text-align: right;">Page 30</p> <p>1 A Tim Evans.</p> <p>2 Q There we go. All right. Getting 3 back to the question of people that you supervised, 4 were there any employees at Long Leaf Trading or 5 contractors or people who worked there that reported 6 to you?</p> <p>7 A Well, I'm not saying that I supervised 8 anybody.</p> <p>9 Q Well, that's not what I'm asking, 10 right? Is there anybody that reported to you?</p> <p>11 A No. I mean, like not -- like if you're 12 talking like standard like corporate structure, 13 like pyramids or something, am I above anybody, 14 no, that's not how it worked.</p> <p>15 Q All right.</p> <p>16 A Like did I collaborate with other people, 17 yes, but it's not like they reported to me.</p> <p>18 Q Was there anybody at Long Leaf Trading 19 who did work for you?</p> <p>20 A Again, we -- it's a team-based environment, 21 so I don't know.</p> <p>22 Q All right. Let's talk about your comp 23 at Long Leaf Trading, if we could, please. What was 24 the basis for your compensation?</p>	<p style="text-align: right;">Page 32</p> <p>1 Q All right. So when did that arrangement 2 stop and when did it move to a commission-based 3 model?</p> <p>4 A Well, it's always been a commission- 5 based model. It was the salary plus commissions.</p> <p>6 Q When did the salary go away is what I'm 7 asking.</p> <p>8 A I don't recall.</p> <p>9 Q How many months approximately of \$1500 10 payments did you get, do you think?</p> <p>11 A I don't recall.</p> <p>12 Q So after this \$1500-a-month arrangement 13 ceased, were there any other salary payments after 14 that or was it just some commission-based metric?</p> <p>15 A I think, yeah. I mean, as I started 16 opening more accounts, which I can't tell you when 17 this date flipped, I moved to -- I didn't get the 18 guaranteed \$1500. I just got commissions. But 19 like the commission percentage changed so often, 20 and I couldn't tell you the exact dates.</p> <p>21 Q Okay. No, I understand. What I'm 22 trying to ask is -- and I think probably not doing 23 a good job -- is after you stopped getting that 1500 24 a month, was there any more sort of salary after</p>

<p style="text-align: right;">Page 33</p> <p>1 that or was everything commission based? And      2 I understand that the basis for the commission      3 changed and the percentage changed. I'm just      4 trying to focus on a salary component.</p> <p>5 A Right. I mean, I don't -- the reason      6 why I'm like hesitant in answering that is -- not      7 hesitant in like providing an answer. I'm just      8 unsure of the answer because like I think I had      9 some deal worked out where like he paid for like      10 my parking spot. And so I don't know if you      11 consider that salary, but I had like a parking      12 spot paid for. I had -- at one point I think      13 I had like a summer intern and that was paid      14 for, but it was like given to me. I don't know.      15 Somehow it was like salary. So I don't know.</p> <p>16 Q Got it. So you understand --</p> <p>17 A I had a weird situation.</p> <p>18 Q It sounds like it. So you understand      19 what a 1099 is, right?</p> <p>20 A Yes.</p> <p>21 Q All right. So what percentage --      22 like, you know, you're getting that 1099 every      23 year. Like what portion of that is going to be      24 salary versus commissions after that sort of \$1500</p>	<p style="text-align: right;">Page 35</p> <p>1 Q All right. Well, why don't you describe      2 it for me, if you would, please.</p> <p>3 A It's an option -- they use it as      4 an option selling strategies with defined risk and,      5 yeah, it's done in a broker-assisted environment.</p> <p>6 Q So what does that mean, please,      7 broker-assisted environment.</p> <p>8 A It means that the broker assists      9 the clients in, you know, executing trades.</p> <p>10 Q Got it. So does the broker recommend      11 the trades to the client?</p> <p>12 A In the situation -- I mean, not      13 under the -- I mean, not under the -- I mean,      14 I don't know. I can speak specifically about this      15 situation.</p> <p>16 Q That's all I'm asking about.</p> <p>17 A All right.</p> <p>18 Q So we're only talking about Time Means      19 Money.</p> <p>20 A The chief market strategist, which      21 was Tim Evans, would design a trade. It was given      22 to me to then present it to the client and obtain      23 their permission for execution. So I'm just kind      24 of like a lemming in this situation, if you want</p>
<p style="text-align: right;">Page 34</p> <p>1 stops?</p> <p>2 A I don't know. I don't know off the top      3 of my head.</p> <p>4 Q All right. So are you familiar with the      5 phrase Time Means Money?</p> <p>6 A Yes.</p> <p>7 Q All right. What's the basis for your      8 familiarity? Why is that familiar to you?</p> <p>9 A At Long Leaf Trading Group that was      10 the name of the -- I don't know if you want to      11 call it program we would solicit.</p> <p>12 Q And when did that program start, please.</p> <p>13 A Pretty much when I started.</p> <p>14 Q Got it. So by the time you started      15 work as an AP in April of 2015, the Time Means      16 Money program was in full swing, is that fair to      17 say?</p> <p>18 A I guess, yeah. I mean, I wouldn't      19 actually say full swing but it was -- it existed.</p> <p>20 Q Got it. And is it fair to describe Time      21 Means Money as a broker-assisted trading program for      22 customers of Long Leaf Trading?</p> <p>23 A Broker-assisted trading program.      24 I mean, that's a very limited view of it, but yeah.</p>	<p style="text-align: right;">Page 36</p> <p>1 to call it. I don't -- it's not like my trade      2 ideas or I didn't have a choice. It wasn't like      3 I gave -- I didn't provide any feedback, but also      4 it wasn't -- it wouldn't have been accepted if      5 I did anyway so...</p> <p>6 Q So what percentage of your customers      7 when you were at Long Leaf Trading were Time Means      8 Money customers?</p> <p>9 A I would say a majority of them,      10 you know. I was -- there was -- I managed --      11 I mean, I had some people that were like given to      12 me that are either self-directed or I think, yeah,      13 that I would like communicate with or be like their      14 point of contact for the firm. But pretty much      15 everything was Time Means Money.</p> <p>16 Q Do you have any knowledge or understanding      17 of what Long Leaf Trading did before you showed up      18 in terms of broker recommendations? It's a terrible      19 question but, you know --</p> <p>20 MR. MAY: Because it calls for speculation.</p> <p>21 MR. BURDEN: It may or may not. I think      22 it's just inartfully worded.</p> <p>23 Q But, you know, did Time Means Money      24 take the place of something? Were they recommending</p>

<p>1 other trades or just doing self-directed, if you 2 know?</p> <p>3 A Yeah. I mean, from my understanding -- 4 and this was just told to me. I didn't see it 5 or anything -- was they had like some trade alert 6 service called In The Money maybe or some other 7 play on those words. And, you know, there was also 8 just, you know, general brokerage accounts and 9 things of that nature.</p> <p>10 And so I was getting there 11 when there was this move from -- again, I'm not 12 100 percent positive on the title, but I think it 13 was called In The Money trade alerts to Time Means 14 Money. So I'm like that, I don't know, I guess 15 there's that before me. Then I come and they had 16 already made the decision to switch and they had 17 already switched, but I was there I guess in the 18 beginning of it.</p> <p>19 Q Got it.</p> <p>20 A I don't know what -- I mean, I guess 21 they send out alerts and they I guess execute 22 maybe -- maybe they're discretionary accounts. 23 But, I mean, I guess I would be speculating. 24 I don't know exactly what they're doing.</p>	<p>Page 37</p> <p>1 to you that the transition to the Time Means Money 2 program was for better performance for clients, 3 is that right?</p> <p>4 A I think -- well, I mean, I guess 5 I could speak on behalf of all brokers. I think 6 all brokers generally want to always improve account 7 performance, and so they're constantly evolving what 8 it is that they're doing in order to -- you know, 9 as results are coming in. So, yeah, I would assume 10 that's what we're -- that's what he's going for.</p> <p>11 Q All right. Did Mr. Evans say anything 12 else to you about the reasons for the transition 13 to Time Means Money?</p> <p>14 A Nothing that I recall.</p> <p>15 Q All right. Do you have an understanding 16 of how Long Leaf's profits were affected by the 17 transition from Time Means Money? Like did Long 18 Leaf make more money or less money, if you know?</p> <p>19 A I mean, I would assume -- I mean, 20 I really, you know --</p> <p>21 Q Well, rather than have you assume, 22 let me --</p> <p>23 A Like do I know for a fact like what the 24 dollar amount change is or --</p>
<p>Page 38</p> <p>1 Q Got it. So, Mr. Ruth, did Mr. Evans 2 ever talk to you about or explain why Long Leaf 3 was transitioning from whatever they were doing 4 before to Time Means Money?</p> <p>5 A I mean, I think like a better trade 6 strategy. Like so better client performance I think 7 was the goal.</p> <p>8 Q All right. Is that what Mr. Evans said 9 to you?</p> <p>10 A I don't recall specifically. But 11 if you were to like kind of sum it up, I think that 12 was the idea behind it.</p> <p>13 Q And that's something that Mr. Evans 14 communicated to you?</p> <p>15 A Yeah.</p> <p>16 Q Okay. And how did he communicate that 17 to you?</p> <p>18 A Verbally.</p> <p>19 Q Got it. And do you remember when he 20 said that to you?</p> <p>21 A I mean, this would all be happening 22 probably between the dates of March 13th and 23 April 24th.</p> <p>24 Q All right. So Mr. Evans communicated</p>	<p>Page 40</p> <p>1 Q Did anybody at Long Leaf Trading 2 talk to you about that? Did Mr. Evans ever talk 3 about the firm's revenues sort of pre Time Means 4 Money and post Time Means Money?</p> <p>5 A I mean, yeah, he indicated that they were 6 making more money.</p> <p>7 Q And how did he indicate that to you?</p> <p>8 A Verbally.</p> <p>9 Q All right. And when?</p> <p>10 A I mean, throughout my tenure there, yeah.</p> <p>11 Q So did he say why? Like why was Time 12 Means Money more profitable than what Long Leaf was 13 doing before? Did he tell you?</p> <p>14 A Well, I mean, we brought in more clients 15 so ...</p> <p>16 Q Did Mr. Evans ever talk to you about 17 why more clients came in?</p> <p>18 A Well, we -- I mean, we had more people 19 working there.</p> <p>20 Q Was there anything about the Time 21 Means Money program that Mr. Evans intimated to 22 you was a better draw for clients?</p> <p>23 A I think that's -- I don't know. I think 24 I would be speculating on behalf of the client as to</p>

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<p>1 why they're attracted to the program so ...</p> <p>2 Q Yeah. What I'm asking you is did</p> <p>3 Mr. Evans say anything to you? Did Mr. Evans say</p> <p>4 anything like, oh, clients like this program better</p> <p>5 because or this is more appealing to clients because</p> <p>6 or I think this is working well because?</p> <p>7 A No, I don't think we would talk like that.</p> <p>8 Q Do you have any knowledge or understanding</p> <p>9 as to where the idea for Time Means Money came from?</p> <p>10 A Yeah, what's this guy's name. I don't</p> <p>11 know. He's some goofball who worked at LaSalle</p> <p>12 Futures I think. Matt, Matt -- do you know this</p> <p>13 guy I'm talking about? You probably already know</p> <p>14 this answer.</p> <p>15 Q If I did, I couldn't say.</p> <p>16 A Matt -- I don't know. I could tell you</p> <p>17 everything about him but his name.</p> <p>18 Q Yeah. So how did you find out about this</p> <p>19 guy, how about that?</p> <p>20 A He -- I think he pitched -- so there's</p> <p>21 another AP at the firm named James Leeney. He used</p> <p>22 to work at maybe LaSalle Futures or some subsidiary</p> <p>23 of it or something. Matt Zeman, that's his name,</p> <p>24 Matt Zeman.</p>	<p>1 Q So Mr. Evans explained to you that</p> <p>2 he got the idea for Time Means Money from Matt</p> <p>3 Zeman, is that right?</p> <p>4 A Yeah, that's my understanding.</p> <p>5 Q Did Mr. Evans ever tell you what</p> <p>6 appealed to him about this Time Means Money idea?</p> <p>7 A I think the most appealing thing is it</p> <p>8 kind of like dictates time, like -- I'm sure you</p> <p>9 know there's like four trades a month. And so</p> <p>10 it gives you, you know, from a broker standpoint</p> <p>11 it gives you the ability to like, you know --</p> <p>12 like traditional brokerage, like your phone rings</p> <p>13 incoming and you don't know what's going to happen.</p> <p>14 And then you get on the phone and the next thing</p> <p>15 you know, like the whole day's gone by and you</p> <p>16 might have talked to one person for seven hours.</p> <p>17 So I think the idea behind it is from like a</p> <p>18 workflow management perspective, to kind of change</p> <p>19 that around where we get to control when things are</p> <p>20 happening in your workday so that you can maximize</p> <p>21 your efforts. And then also, on the other hand, so</p> <p>22 the client had, you know, would know what exactly</p> <p>23 was going to happen that month.</p> <p>24 I think that's kind of the premise</p>
Page 42	Page 44
<p>1 Q And how do you spell Zeman, please.</p> <p>2 A I couldn't tell you. That's not</p> <p>3 close, I'll tell you that. Matt Zeman I guess</p> <p>4 introduced -- or I guess Jamie, or James Leeney</p> <p>5 introduced Matt Zeman to Tim Evans about this</p> <p>6 program that I think was in some sort of form,</p> <p>7 like maybe just -- it's called Time Means Money</p> <p>8 and you do the short options, and I think he</p> <p>9 actually had a book too as well.</p> <p>10 Q So how do you know those things?</p> <p>11 A How do I know those things?</p> <p>12 Q Yeah.</p> <p>13 A Just sitting in the office listening</p> <p>14 to that.</p> <p>15 Q So you heard somebody talking about it,</p> <p>16 right?</p> <p>17 A Yeah.</p> <p>18 Q Who was talking about it?</p> <p>19 A Tim Evans.</p> <p>20 Q Got it. And was Tim Evans talking to</p> <p>21 you or did you overhear him talking to somebody</p> <p>22 else?</p> <p>23 A He would talk to us in a group setting,</p> <p>24 yeah.</p>	<p>1 behind it is is that people, you know, somebody</p> <p>2 might say I want a 10 percent return on my money.</p> <p>3 Well, you're not going to get a 10 percent return</p> <p>4 unless you put yourself in a position for a</p> <p>5 10 percent return. And so if you know how many</p> <p>6 trades you're going to do and you know how much</p> <p>7 money you're bringing in on the trade and then</p> <p>8 you hope, you know, how much money is going out,</p> <p>9 then you can, you know, make a -- create an</p> <p>10 actual path where the possibility of getting that</p> <p>11 10 percent can actually happen, whereas if you just</p> <p>12 do things randomly you might not even put yourself</p> <p>13 in that position for it to happen.</p> <p>14 Q Did Mr. Evans ever talk to you</p> <p>15 about the commission-generating benefits of doing</p> <p>16 four trades a month as part of the Time Means Money</p> <p>17 program?</p> <p>18 A Well, what do you mean by that?</p> <p>19 Q Well, let's sort of make it simpler.</p> <p>20 Did Mr. Evans ever talk to you about commission-</p> <p>21 related benefits from this Time Means Money program,</p> <p>22 about how it could potentially generate more</p> <p>23 revenues for Long Leaf than other models?</p> <p>24 A No. But, I mean, that wouldn't</p>

<p>1 be applicable to me because I never -- I never      2 was in like a traditional brokerage era, so I don't      3 have anything to compare it to.</p> <p>4 Q I'm just asking you what Mr. Evans told      5 you.</p> <p>6 A Right. And, no, I mean, the only thing      7 is is like he would preach is is that, you know,      8 you know how much money you're going to make this      9 month because you know how much clients you have      10 and you know how many trades we're doing.</p> <p>11 Q So Mr. Evans would tell you that with      12 Time Means Money you would know how much money you      13 were going to make this month because you knew how      14 many clients you had and what they were trading?</p> <p>15 A Well, you knew that they were going to      16 do four trades.</p> <p>17 Q Got it.</p> <p>18 A So you have a better idea of knowing      19 than just if you're a traditional broker. It      20 depends I guess on volume and market conditions, you      21 know, the suitability of -- the financial situation      22 of your clients and things of that nature. So it's      23 kind of an unknown where you don't know how much      24 money you would make until the month's over.</p>	<p>Page 45</p> <p>1 control your destiny because at the end of the      2 day they have to, you know, approve the trades and      3 things of that nature. But you could -- you know,      4 if you had to tell your wife next month like, hey,      5 we're going to have probably about \$3,000 to work      6 with, then you could probably say that, yeah.</p> <p>7 Q Got it. And with traditional      8 brokerages your understanding is that it's a bit      9 more catch-as-catch-can, is that fair to say?</p> <p>10 A I'm not familiar with that term but,      11 I mean --</p> <p>12 Q Well, then I'll ask a different question,      13 all right?</p> <p>14 A All right.</p> <p>15 Q So for traditional brokerages it's more      16 random. Customers would be more idiosyncratic in      17 their trading?</p> <p>18 A Yeah, that's my understanding, is it's      19 an unknown variable.</p> <p>20 Q Right. And you got that understanding      21 from Mr. Evans, correct?</p> <p>22 A Yes.</p> <p>23 Q All right. So we've been talking about      24 recommendations in the Long Leaf Trading Time Means</p>
<p>1 Q So why does Time Means Money sort      2 of provide more stable income for brokers? Like      3 why is that so?</p> <p>4 A Because you're doing the same amount      5 of trades every month and you know how many clients      6 that you have and so -- and you know how much you      7 charge for a commission. So you know -- you have      8 a better idea of knowing that.</p> <p>9 Q And with traditional brokerages,      10 you know, did Mr. Evans ever talk to you about what      11 the model is there?</p> <p>12 A I mean, yeah. I mean --</p> <p>13 Q What's the model?</p> <p>14 A You call people and -- there's no      15 rhyme or reason. You try to develop relationships      16 with them and just stay in front of them. And, you      17 know, sometimes you get guys with a couple dollars.      18 Sometimes you get guys with a lot of money and you      19 just -- you're kind of at whatever happens happens,      20 you know. You don't get to control your destiny.</p> <p>21 Q And so Time Means Money allowed sort      22 of the brokers to control their destiny a little      23 bit better?</p> <p>24 A I mean, you don't necessarily get to</p>	<p>Page 46</p> <p>1 Money program, but we haven't really gotten into      2 any kind of detail. So under the Time Means Money      3 program, Mr. Evans would come up with trade      4 recommendations, right?</p> <p>5 A Yes.</p> <p>6 Q And you would pass those along to clients,      7 correct?</p> <p>8 A Yes.</p> <p>9 Q And there would be four recommendations      10 every month, correct?</p> <p>11 A Yes.</p> <p>12 Q And is it fair to describe these      13 recommendations as recommending out-of-the-money      14 option spreads during your tenure at Long Leaf?</p> <p>15 A Again, I couldn't tell you if they're      16 out of the money or in the money, but I can tell      17 you that they're all option spreads, except -- I      18 mean, unless you don't consider like a put ratio      19 front spread as a spread, but I would assume you      20 do. So, yeah, they're all spreads.</p> <p>21 Q All right. So how did you provide these      22 recommendations to your clients?</p> <p>23 A Verbally over the phone.</p> <p>24 Q All right. Is there any sort of written</p>

<p style="text-align: right;">Page 49</p> <p>1 record generated of the recommendations that you      2 provided?</p> <p>3 A I didn't provide any recommendations.</p> <p>4 Q Well, that you communicated, how about      5 that?</p> <p>6 A Oh, like as the passer guy?</p> <p>7 Q Yeah. Like did you ever write      8 it down anywhere or did you like send emails to      9 people sometimes?</p> <p>10 A There's client trading statements.</p> <p>11 Q Any other written records of the      12 recommendations that you communicated to clients?</p> <p>13 A I don't know. Some clients, like we'd      14 make like a chart type thing so they could better      15 understand it with like, you know, an image that's      16 very elementary in nature, but that's -- I don't      17 have those items or anything.</p> <p>18 Q We'll look at them in a little bit.      19 So when you called up clients and communicated      20 Mr. Evans' recommendation to them, how would you      21 do that?</p> <p>22 A To be honest with you, I don't really --      23 I don't recall specifically how we did it at Long      24 Leaf Trading Group.</p>	<p style="text-align: right;">Page 51</p> <p>1 BY MR. BURDEN:      2 Q So would --      3 A I think at my high point, at one point      4 I was managing 63 clients at one time.      5 Q All right. So I guess what I'm getting      6 at here is it seems like you had a lot of calls with      7 a fair number of clients, and surely you must be      8 able to generalize as to how you delivered this      9 recommendation.</p> <p>10 A No.      11 Q So it was different for everybody?      12 A I mean, this is years ago. No, it's      13 not that. It's just that how I operate now and      14 how I operated before are -- not separate but it's      15 different and, you know, I've learned things over      16 the years and I've evolved as a broker and things      17 of that nature. So I don't recall. I actually      18 probably don't want to recall how I, you know,      19 how I sounded when I was, you know, fresh in the      20 industry. So I don't -- but the idea, I mean,      21 like to give the general premise is the idea is      22 you tell them, you know, what the trade is. So      23 I would assume you're saying like the strikes and      24 calendar months and the specific commodity and,</p>
<p style="text-align: right;">Page 50</p> <p>1 Q Well, how many customers do you think      2 that you serviced at Long Leaf Trading?</p> <p>3 A Over a hundred.</p> <p>4 Q All right. So every month how many      5 times do you call each customer? Do you just      6 call them once at the beginning of the month or      7 a few times? What did you do?</p> <p>8 A It really depended on how the person      9 wanted to be serviced. But, I mean, I would assume      10 I talked to people once or twice a month, yeah.</p> <p>11 Q All right. So if you're talking to      12 people once or twice a month and you have a hundred      13 clients, you're doing --</p> <p>14 A I had a hundred clients like --</p> <p>15 Q Total?</p> <p>16 A -- not at once, yeah.</p> <p>17 Q I get it, okay.</p> <p>18 A Yeah.</p> <p>19 MR. MAY: During your tenure?</p> <p>20 THE WITNESS: Yeah, I think.</p> <p>21 MR. MAY: Is a hundred an estimate?</p> <p>22 THE WITNESS: Yeah, that's not like      23 a -- yeah, I would --</p>	<p style="text-align: right;">Page 52</p> <p>1 you know, what premium generation and risk and      2 things of that nature but ...</p> <p>3 Q Got it. So --</p> <p>4 A I think the most important part is      5 probably getting them to say yes so ...</p> <p>6 Q So that sort of leads me to my next      7 question. It sounds like when I asked you how      8 you delivered these recommendations, it sounds like      9 the answer is you would call up a client and you      10 would give them the strike prices, right?</p> <p>11 A Yeah, I would assume so. I mean,      12 I don't necessarily recall, but I would assume      13 that's what we would do, yeah.</p> <p>14 Q You would tell clients the details of the      15 proposed trade, right?</p> <p>16 A Yes.</p> <p>17 Q And those details were communicated to      18 you by Mr. Evans, correct?</p> <p>19 A Yes.</p> <p>20 Q And how did he communicate those details      21 of the recommendations to you?</p> <p>22 A He'd write them on a piece of yellow paper.</p> <p>23 Q And would he then hand that to you?</p> <p>24 A Yes.</p>

<p>1 Q Did he do this for all of the brokers?</p> <p>2 A There's only a few brokers that actually</p> <p>3 communicated to the clients.</p> <p>4 Q Got it. You, Mr. Leeney, who else?</p> <p>5 A There was a Vince Prieto at one point.</p> <p>6 There was a -- what's his name, Tony Klancic. And</p> <p>7 then the only other person who would have talked to</p> <p>8 a client would have been, what's his name, Chris</p> <p>9 something. I don't remember his last name.</p> <p>10 Q All right. So I think you testified</p> <p>11 earlier that the important thing in talking to</p> <p>12 clients in describing the trades was getting them</p> <p>13 to say yes, let's do the trade. Is that fair to</p> <p>14 say?</p> <p>15 A Yeah. I mean, in a broker-assisted</p> <p>16 environment you want to get people to approve the</p> <p>17 trade, yeah, I would assume.</p> <p>18 Q Got it. And would clients approve</p> <p>19 the trade on the phone or would you have them write</p> <p>20 you an email? How did you obtain the approval?</p> <p>21 A Almost all the time the way I conducted</p> <p>22 myself was over the phone. I mean, there might be</p> <p>23 like some email approvals, but over the phone, yeah.</p> <p>24 Q Got it. And was there any written record</p>	<p>Page 53</p> <p>1 you a specific time that I did. I mean, I don't</p> <p>2 recall.</p> <p>3 Q Do you know if it's a thing that you ever</p> <p>4 did or do you just sort of take the recommendations</p> <p>5 and go with them?</p> <p>6 A I mean, yeah. I mean, I didn't have</p> <p>7 a choice. So it was either -- I mean, it was either</p> <p>8 do that or leave your job so ...</p> <p>9 Q Well, did you ever ask Mr. Evans</p> <p>10 we're doing a crude oil spread this month, why</p> <p>11 crude oil, why this spread? Did you ever ask Mr. --</p> <p>12 A I would have -- I can't tell you</p> <p>13 specifically, but I would assume that I'm a person</p> <p>14 who's curious about the world. So, yeah, I would --</p> <p>15 you know, if I wanted to know why we did something,</p> <p>16 yes, there is a justification for it.</p> <p>17 Q All right. And would Mr. Evans provide</p> <p>18 that justification to you?</p> <p>19 A Probably most of the time, yeah.</p> <p>20 Q And how did he do that?</p> <p>21 A Everything's verbally.</p> <p>22 Q All right. I think you testified</p> <p>23 before that under the Time Means Money program</p> <p>24 customers received four recommendations a month,</p>	
<p>1 that you created of this approval?</p> <p>2 A Well, I mean, we had like order tickets</p> <p>3 and things of that nature so ...</p> <p>4 Q Okay. So other than the order tickets?</p> <p>5 A Well, if it was in an email, then there</p> <p>6 would be an email.</p> <p>7 Q Okay. So other than the order tickets</p> <p>8 and other than an email they sent, any other written</p> <p>9 record?</p> <p>10 A Not that I recall.</p> <p>11 Q All right. So switching gears to talk</p> <p>12 about the recommendations, did Mr. Evans ever tel</p> <p>13 you what the basis of the recommendations were?</p> <p>14 A I mean, sometimes, yeah.</p> <p>15 Q Do you recall anything he said about it?</p> <p>16 A I couldn't tell you.</p> <p>17 Q What role did the equity in a customer's</p> <p>18 account play in the trades that are recommended,</p> <p>19 if any, if you know?</p> <p>20 A I'm not part of that decisionmaking</p> <p>21 process so ...</p> <p>22 Q All right. Did you ever ask Mr. Evans</p> <p>23 what the basis for his recommendations were?</p> <p>24 A Like I would assume -- I can't give</p>	<p>Page 54</p> <p>1 correct?</p> <p>2 A Um-hmm.</p> <p>3 Q Yes?</p> <p>4 A Yes.</p> <p>5 Q There we go. Why is the number four?</p> <p>6 Why not two, why not eight, if you know?</p> <p>7 A You've got to ask Tim Evans but ...</p> <p>8 Q Did you ever ask Mr. Evans?</p> <p>9 A Yeah. I mean, the answer I got is</p> <p>10 basically -- I don't know the way to describe</p> <p>11 it. It's like the point of saturation. Like</p> <p>12 if you have one trade, you have 100 percent risk.</p> <p>13 If you have two trades, you have 50 percent, you</p> <p>14 know, risk. If you have three trades, you have 33.</p> <p>15 Four, you have 25 percent. When you go to five,</p> <p>16 the amount of money it costs to finance the fifth</p> <p>17 trade doesn't -- it outweighs the amount of</p> <p>18 money -- the amount of percentage that you're</p> <p>19 decreasing the risk, I guess spreading out risk.</p> <p>20 So that's his philosophy on that.</p> <p>21 Q Do you know if that's right?</p> <p>22 A I don't know. I just do what I'm told.</p> <p>23 Q So let's talk more about the</p> <p>24 recommendations, if we could, please. So for</p>	<p>Page 55</p> <p>Page 56</p>

<p style="text-align: right;">Page 57</p> <p>1 the options strategies that were recommended 2 by Long Leaf while you were there, did all of the 3 options expire? Were they all left to expire or 4 were some of them offset?</p> <p>5 A I mean, I don't recall. But, yeah, 6 I would assume that positions were managed within 7 the option period, but I don't recall specifically.</p> <p>8 Q Yeah. And if you don't recall 9 specifically, that's okay. But do you recall 10 generally were options sort of exited out of on 11 occasions rather than being left to expire?</p> <p>12 A Yeah. I mean, yeah, I would assume 13 that -- like we managed positions, if you want to 14 call it that, yeah.</p> <p>15 Q And I sort of -- I want to get to a clear 16 answer on that, if you have the recollection. Did 17 that in fact happen? Were client positions exited 18 out of rather than left to expire on occasion?</p> <p>19 A Yes.</p> <p>20 Q All right. Do you recall any specific 21 occasions where that happened?</p> <p>22 A No.</p> <p>23 Q Was permission obtained from clients 24 to exit out of those positions once permission --</p>	<p style="text-align: right;">Page 59</p> <p>1 Q Got it. And was there any written 2 record of the permission that you received from 3 clients to exit positions?</p> <p>4 A I mean, again, most of it was done 5 verbally. In the event that, you know, I had 6 to reach somebody by email, then yes, there could 7 be a written record. But there's nothing besides 8 a phone call or an email.</p> <p>9 Q Any other types of written records, 10 maybe records you kept for yourself?</p> <p>11 A No, I don't recall.</p> <p>12 Q All right. You mentioned order tickets 13 before. When clients gave you their permission to 14 exit positions, would you fill out order tickets for 15 them?</p> <p>16 A Yeah, I believe so, yeah.</p> <p>17 Q All right. And what would you do with 18 those order tickets?</p> <p>19 A Give them to Tim Evans.</p> <p>20 Q And so even when clients were exiting 21 positions rather than entering into them, you had 22 to contact those clients and you would fill out 23 order tickets for them, is that correct?</p> <p>24 A My understanding, yeah. I mean --</p>
<p style="text-align: right;">Page 58</p> <p>1 well, let me just ask that. Was permission obtained 2 from clients to exit out of those positions?</p> <p>3 A Anytime that there is a trade being done 4 there's permission from a client.</p> <p>5 Q Got it. So when it turned out that 6 you had to -- you know, that Long Leaf was going 7 to recommend exiting a trade rather than letting it 8 expire, how did you find that out?</p> <p>9 A From Tim Evans.</p> <p>10 Q All right. And how would he communicate 11 that to you?</p> <p>12 A Verbally.</p> <p>13 Q And what would you do once you had that 14 information?</p> <p>15 A Then it's my job to -- if he says we're 16 going to get out of crude oil, like a hypothetical 17 situation, okay, are we booking this for a profit 18 or a loss. He would tell me whatever the answer 19 is and then I would, you know, go tell the client -- 20 you know, obviously it depends on the fill price -- 21 but I think that we need to obtain your permission 22 to do this. This is what would happen within, 23 you know, a certain dollar amount depending what 24 the market's trading at.</p>	<p style="text-align: right;">Page 60</p> <p>1 Q Is that what you did?</p> <p>2 A That's -- I believe that's what 3 we did. I don't know specifically. Like that's 4 how I would do it.</p> <p>5 Q But is that how you did do it?</p> <p>6 A I have -- I guess I don't recall then.</p> <p>7 MR. BURDEN: All right. I'll tell you 8 what, guys. Could we go off the record for 9 five minutes here and then we're going to get 10 into some documents.</p> <p>11 MR. MAY: Sure. Do you want to take 12 a break?</p> <p>13 MR. BURDEN: Yes, please.</p> <p>14 MR. MAY: Okay. Can you make it ten?</p> <p>15 MR. BURDEN: Absolutely.</p> <p>16 (Whereupon a recess was taken from 17 10:54 a.m., to 11:20 a.m., after 18 which the following proceedings 19 were had:)</p> <p>20 MR. BURDEN: Back on the record, please. 21 (Whereupon CFTC Exhibit No. 118 was 22 marked for identification, MM.)</p> <p>23 Q All right. Mr. Ruth, I want to 24 hand you what I've marked as CFTC Exhibit 118.</p>

<p style="text-align: right;">Page 61</p> <p>1 Do you recognize CFTC Exhibit 118, Mr. Ruth?</p> <p>2 MR. MAY: Can we have a little bit longer?</p> <p>3 MR. BURDEN: Of course.</p> <p>4 Q Mr. Ruth, do you recognize CFTC</p> <p>5 Exhibit 118?</p> <p>6 A What do you mean by recognize?</p> <p>7 Q Well, have you seen it before?</p> <p>8 A Yeah.</p> <p>9 Q All right. What is it, please.</p> <p>10 A These are these, in my previous</p> <p>11 testimony, the elementary images that I make</p> <p>12 so that I can understand the trades that Tim Evans</p> <p>13 designs.</p> <p>14 Q So CFTC Exhibit 118 is a document</p> <p>15 that was produced by Long Leaf Trading, and it's</p> <p>16 an email with some attachments. And it says from</p> <p>17 jruth@longleaftrading.com and that was your email</p> <p>18 address at Long Leaf, right?</p> <p>19 A Yep.</p> <p>20 Q And you'll see the date on it is</p> <p>21 September 1st of 2016, is that right?</p> <p>22 A Correct.</p> <p>23 Q And there's an address or a To line</p> <p>24 and it says Broker Team. Who's the broker team,</p>	<p style="text-align: right;">Page 63</p> <p>1 these. Take a look at them.</p> <p>2 Q All right. So did these trades</p> <p>3 summarize the recommendations provided by Mr. Evans?</p> <p>4 A I couldn't tell you that information.</p> <p>5 Q All right. So let's look, if we could,</p> <p>6 at the first page of Exhibit 118.</p> <p>7 A Yep.</p> <p>8 Q The subject is Forward: Long Leaf</p> <p>9 Trading Group, September Trade Images. So what does</p> <p>10 that mean, September trade images?</p> <p>11 A Oh, we're looking here?</p> <p>12 Q Yeah.</p> <p>13 MR. MAY: The subject line.</p> <p>14 A So in -- executed in August of 2016 were</p> <p>15 four trades, and these are the images that I made</p> <p>16 of those trades that expire probably in September.</p> <p>17 BY MR. BURDEN:</p> <p>18 Q Got it. So does that help refresh your</p> <p>19 recollection?</p> <p>20 A No, because you're asking me</p> <p>21 is this like a derivative exactly of Tim Evans'</p> <p>22 trade recommendation, and I don't have Tim Evans'</p> <p>23 trade recommendation so ...</p> <p>24 Q Got it. You know, I'm not trying</p>
<p style="text-align: right;">Page 62</p> <p>1 please.</p> <p>2 A I don't recall exactly.</p> <p>3 Q It's the brokers at Long Leaf, right?</p> <p>4 A I would assume so.</p> <p>5 Q All right. So if you look and</p> <p>6 you'll see the second page of Exhibit 118, we've</p> <p>7 got a chart here. And who generated this chart?</p> <p>8 A Me.</p> <p>9 Q How do you generate it?</p> <p>10 A I utilized Gain Trader I guess or</p> <p>11 Long Leaf Trading Xpress, which is the white label</p> <p>12 of Gain Capital's trading platform, and Microsoft</p> <p>13 Word.</p> <p>14 Q All right. So these charts you made</p> <p>15 using this Gain electronic platform, is that right?</p> <p>16 A Correct.</p> <p>17 Q And you generated the charts and you</p> <p>18 dropped them in a Word document, right?</p> <p>19 A Yes.</p> <p>20 Q And then you sent those documents,</p> <p>21 these charts to the other brokers at Long Leaf,</p> <p>22 correct?</p> <p>23 A Yeah, not because I was required</p> <p>24 to or responsible to. I just, hey, man, I made</p>	<p style="text-align: right;">Page 64</p> <p>1 to pin you down as to whether it's an accurate</p> <p>2 representation. I guess I should just ask the</p> <p>3 question in a more leading way. So, Mr. Ruth,</p> <p>4 the charts that you've sent to this broker team</p> <p>5 in Exhibit 118, these are your attempts to make</p> <p>6 charts that represent the recommendations for that</p> <p>7 month --</p> <p>8 A It's a draft --</p> <p>9 Q -- is that right?</p> <p>10 A Yeah, but this is a draft. Like this</p> <p>11 isn't like -- this is, hey, guys, did I make any</p> <p>12 mistakes type thing.</p> <p>13 Q Got it. So let's look at 118. And if we</p> <p>14 go to the second page, we've got these charts that</p> <p>15 you put together, right?</p> <p>16 A Um-hmm.</p> <p>17 Q Correct?</p> <p>18 A Yes.</p> <p>19 Q All right. So if you look on the</p> <p>20 right-hand side, it says October/November Calendar</p> <p>21 Swap. Do you see that?</p> <p>22 A Yep.</p> <p>23 Q And then it says, "Idea: Crude oil</p> <p>24 trades at \$44 or above through September 15th.</p>

<p style="text-align: right;">Page 65</p> <p>1 After September 15th crude trades at \$44      2 or blow" -- I think that's supposed to be, "or      3 below or above through October 17th with \$43 or      4 below at expiration, giving the position max net      5 gain." Did you write that?      6 A That I cannot recall.      7 Q It says out of the money here. Where does      8 that data come from?      9 A From the chart.      10 Q All right. It says in the money. That      11 data comes from the chart as well?      12 A Yep.      13 Q So max net gain, where does that come      14 from?      15 A That would be a calculation of      16 premium collection -- difference in strike prices      17 minus premium collection and fees, commissions,      18 all that stuff.      19 Q Is that a calculation that you performed?      20 A Attempted, yes.      21 Q All right. So total risk \$1412.16,      22 what's that, please.      23 A I mean, I don't know the specific      24 numbers here. But I think the idea behind that</p>	<p style="text-align: right;">Page 67</p> <p>1 made them to the other brokers to help them, right?      2 A Yeah. I mean, more of like, hey,      3 I spent time doing this. Why should you spend      4 time doing it.      5 Q And the charts that we see in Exhibit 118,      6 did you send those to clients?      7 A I think sometimes I did but not like      8 regularly and not to everybody but ...      9 Q So, yeah. So I was going to show you      10 one but maybe -- you know what, I won't. You know      11 what, sorry. Let's stay on 118.      12 A Like the purpose of me sending it to a      13 client is like it's really the red light, green      14 light, yellow light system like.      15 Q What does that mean?      16 A Like in the green, this is where you      17 want the price action to be in order for -- you      18 know, if it were to expire worthless, then you would      19 get the full amount of premium that you collected.      20 The yellow, you know, it can go either way. There's      21 a breakeven point and it's a prorated amount      22 of either the total risk or the total net premium      23 collection. And the red is obviously, you know,      24 it's a total loss. So the purpose of it is to --</p>
<p style="text-align: right;">Page 66</p> <p>1 would be in the event that you lost the trade, that      2 would be the amount of money that you would lose      3 on that specific trade per contract.      4 Q All right. And how is that calculated?      5 A By the total. It would be the spread,      6 plus commissions, fees and all that jazz.      7 Q And is that a calculation that you      8 performed?      9 A Attempted, yeah. Again, this is a --      10 these are all drafts.      11 Q Got it. And so Exhibit 118, did you      12 send charts of this nature to your fellow brokers      13 substantially every month during your entire tenure      14 at Long Leaf?      15 A I mean, I don't recall if I did it      16 regularly but, you know, I would take it upon      17 myself to make these for my own personal knowledge      18 so when I'm communicating with clients, I can talk      19 more educated about what is the trade that they      20 have in their account and so I knew like specific      21 expiration dates and stuff of that nature. But      22 I don't know if I was regular about it or not.      23 I don't recall.      24 Q And you sent these charts when you</p>	<p style="text-align: right;">Page 68</p> <p>1 it's an elementary image to --      2 Q To what?      3 A To just -- so, you know, a client      4 could have a -- I don't know if you guys have --      5 well, I'm sure you have. But if you look at      6 an account statement, it's very difficult to      7 understand, and I think this helps illustrate      8 physically what is going on with your position.      9 (Whereupon CFTC Exhibit No. 119 was      10 marked for identification, MM.)      11 Q Mr. Ruth, I want to hand you what I've      12 marked as CFTC Exhibit 119, and I'm going to ask      13 you if you recognize this document and if you can      14 tell me what it is. But why don't you take a look,      15 if you would, please, and then indicate to me when      16 you have looked to your satisfaction.      17 A Yeah, I'm ready to proceed.      18 Q All right. Do you recognize Exhibit 119?      19 A No.      20 Q All right. So if you look at the top,      21 it says jruth@longleaftrading. Is that your email      22 address?      23 A That is my email address.      24 Q Or it was when you were at Long Leaf</p>

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<p>1 anyway?</p> <p>2 A Yep.</p> <p>3 Q All right. You'll see it's dated 8/2/17.</p> <p>4 In the To line --</p> <p>5 A No clue what that email address is.</p> <p>6 Q There we go.</p> <p>7 MR. MAY: Wait until he asks a question.</p> <p>8 THE WITNESS: All right.</p> <p>9 MR. MAY: You can't answer it until he asks.</p> <p>11 BY MR. BURDEN:</p> <p>12 Q All right. So the subject is Long Leaf Trading Group Strategy Explanations of August Positions.</p> <p>15 A I would never write that.</p> <p>16 Q So do you think that somebody else wrote this email?</p> <p>18 A I have no clue but ...</p> <p>19 Q All right. Well, let's put it aside then and let me follow up on your testimony.</p> <p>21 I think you testified that you sent charts similar to the ones in Exhibit 118 to customers, is that correct?</p> <p>24 A Yeah. I mean, after -- I mean,</p>	<p>1 Q All right. And --</p> <p>2 A If they ask me for it or -- yeah.</p> <p>3 Q But you didn't send those charts to customers as a general practice?</p> <p>5 A I don't recall specifically but I might have like when I first started, I thought maybe this is a good idea or I don't know. So I don't think I -- I don't think like if you were to take my entire client list that I had and looked at every single month, did I send it to every single customer religiously, I would say that that's probably not the case.</p> <p>13 Q Got it. So let's switch gears a little bit. I want to talk about how customers did at Long Leaf Trading and specifically with Time Means Money. How did customers do with Time Means Money?</p> <p>18 A I don't recall.</p> <p>19 Q You don't recall. Did your customers make money?</p> <p>21 A I don't know. I mean, it depends on like --</p> <p>23 MR. MAY: I guess is the question really net of their trading experience or</p>
Page 70	Page 72
<p>1 I don't send anything to customers unless I have the permission of the compliance officer, which is Tim Evans. So I'd send it like, you know, hey, look at this, is this okay, yeah. And then if it's okay, then I would send it to -- again, I don't think I sent it to everybody, or maybe I did for like a month or two. I don't know. But there's some, yes, that I sent it to so they could, you know, their visual ...</p> <p>10 Q Yeah, so that's my question. Why did you sometimes send these charts you generated to customers?</p> <p>13 A I mean, in a broker-assisted environment you've got people who like they want to talk to you a lot, and then there's some people who don't want to talk to you at all or, you know, just the bare minimum requirements. And some of the guys that want to talk to me a lot, this helps like them understand what's going on and stuff but ...</p> <p>20 Q Got it. So the charts that you generate you send to some customers if you think it will be useful for them to see or if they would like it, is that right?</p> <p>24 A Yeah.</p>	<p>1 on a month-to-month basis, on a daily basis?</p> <p>2 MR. BURDEN: What do you mean net of their --</p> <p>4 MR. MAY: The amount of money that they put into the account versus the amount of money that they left in the account.</p> <p>7 MR. BURDEN: Yeah, I'll tell you what. We'll see what we can do here and what Mr. Ruth recalls and understands.</p> <p>10 Q So, Mr. Ruth, how many of your customers made money trading?</p> <p>12 A I don't recall.</p> <p>13 Q Can you think of anyone who did?</p> <p>14 A I don't recall.</p> <p>15 Q Is it fair to say that substantially all of your customers lost money trading?</p> <p>17 A I don't recall.</p> <p>18 Q All right. Is it fair to say that that's true for all of Long Leaf Trading's customers?</p> <p>20 A I don't recall.</p> <p>21 Q Did you ever talk to anybody about Long Leaf Trading, any of the other brokers, about customer profits or losses?</p> <p>24 MR. MAY: I'm sorry. Could you repeat --</p>

<p>1 could you read back the question?      2 (Whereupon the portion of the record      3 was read as requested.)      4 A I don't recall specifically.      5 But, I mean, if you have clients calling in      6 and -- I don't know if I'm allowed to say the      7 word bitching, but bitching at you or whatever --      8 BY MR. BURDEN:      9 Q You can say whatever you want to.      10 A I would assume that like -- that I'm      11 like, hey, Jamie, can you believe this, this guy      12 said da, da, da, da, da, da, da. My life's so      13 hard, you know, like that kind of talk? Yeah,      14 I guess that falls under your conversation.      15 Q All right. So --      16 A Do I recall anything specifically, no.      17 Q Yeah, and I want to be clear. I'm not      18 asking necessarily about specifics here, and I don't      19 mean to revisit questions I've already asked. But      20 as a general matter, did your customers make or lose      21 money at Long Leaf Trading?      22 A Well, I mean, this is like always      23 a tough question to ask because if you're asking      24 like -- you've got to understand like the way</p>	<p>Page 73</p> <p>1 all of your customers had less money in their      2 accounts at the end of their trading than when      3 they started?      4 A I mean, I don't recall the specific      5 like equity balances of my clients from, I don't      6 know, what is this, two, three years ago? But I      7 don't know. I'm sure you probably know the answer      8 so ...      9 Q What's your answer?      10 A I don't have one really. I don't recall      11 the specific ...      12 Q Do you recall the names of any of your      13 customers who made money?      14 A Again --      15 MR. MAY: Could we define make money again?      16 A Yeah, this is like -- you guys look      17 at making money and the way I look at making money      18 different.      19 BY MR. BURDEN:      20 Q Yeah. Who had more trade equity      21 in their accounts by the end of their trading or      22 by the end of your tenure than they did when they      23 started?      24 A I mean, the last month I was there</p>
<p>1 that Time Means Money is set up is you live month      2 to month. So you judge what happened this month      3 and then, you know, that's what you're going with.      4 And so that's how the clients look at it. That's      5 how you look at it. So you can have good months      6 and you can have bad months. You can have great      7 months. You can have terrible months. And when      8 you -- you know, the results are the results. So      9 you tell them the results and if it's a good month,      10 well, yeah, technically you're making money.      11 Now, overall like what happens      12 at the end, I mean, I would assume, just like all      13 commodity accounts, they lose money. But you don't      14 know that. Like it's not like, you know, you're      15 sitting there and saying like, oh, we know the end      16 result is going to be they lose money and we make      17 money. Like that's not how it is. It's you're      18 judging on a month-to-month basis. So they could      19 go make money one month and lose money another      20 month and you're just constantly evolving to try      21 to do whatever you can to make account performance      22 positive.      23 Q Got it. So during your tenure at      24 Long Leaf, is it fair to say that substantially</p>	<p>Page 74</p> <p>1 I signed up five people. I don't know how their      2 results were so I can't -- I mean, there could      3 be a situation there.      4 Q What do you mean by that?      5 A Well, they could have made      6 money. And so by the end of my tenure they      7 could certainly have more money than what they      8 started with, I guess.      9 Q Was that the case for any customer whose      10 name you can recall?      11 A No, I can't.      12 Q All right. I think your testimony      13 before was, you know, essentially that you can't      14 really say if a customer is making or losing money      15 because trades are recommended monthly and monthly      16 they may make money or they may lose money. Is that      17 sort of a fair summary of your testimony?      18 A No.      19 Q All right. Do it better for me, if you      20 would, please.      21 A I think you're -- where you're taking      22 a snapshot of the end result of like the account      23 value.      24 Q Got it.</p>

<p>1 A And I'm saying along the way they      2 could have been making money at some point or that      3 specific month the result, net result of those four      4 trades is they had a positive impact in their      5 account from a net liquidating standpoint.</p> <p>6 Q So --</p> <p>7 A So in my opinion, I would say that at      8 points they made money.</p> <p>9 Q Got it. What months were Long Leaf's      10 trading recommendations profitable for customers?</p> <p>11 A I couldn't tell you. I don't recall.</p> <p>12 Q Do you recall whether there were more      13 profitable or unprofitable months for customers      14 during your tenure at Long Leaf?</p> <p>15 A Don't recall.</p> <p>16 Q All right. You received statements      17 from Gain Capital, correct?</p> <p>18 A Yes.</p> <p>19 Q And you received those statements every      20 day, correct?</p> <p>21 A No.</p> <p>22 Q Well, every weekday?</p> <p>23 A No.</p> <p>24 Q How frequently did you receive statements</p>	<p>Page 77</p> <p>1 A Yes.      2 Q How many occasions did that happen on?      3 A I don't know. Numerous times.      4 Q Do you think more than five?      5 A I don't recall specifically, but I would --      6 I don't know. Yeah, sure.      7 Q Okay. Well, you know, if you don't know,      8 that's okay.      9 A I don't know the specifics but, yeah,      10 it's --</p> <p>11 MR. MAY: Are you estimating or are you      12 guessing? Are you speculating?</p> <p>13 A Yes, yes, I am estimating, guessing      14 and speculating. I don't know for sure, but it      15 happened more than once.</p> <p>16 BY MR. BURDEN:</p> <p>17 Q And when you felt like the statements      18 were inaccurate, you advised Mr. Evans of this,      19 correct?</p> <p>20 A Yes.</p> <p>21 Q And how did you advise Mr. Evans of this?</p> <p>22 A I would either call him, text him or      23 email him.</p> <p>24 MR. PATRICK: What were the nature</p>
<p>1 from --</p> <p>2 A Anytime that the market is open.</p> <p>3 Q -- Gain Capital? All right. Did you      4 review these statements?</p> <p>5 A Yes.</p> <p>6 Q All right. How frequently did you review      7 them, please.</p> <p>8 A Every day the market was open.</p> <p>9 Q All right. So every time you got      10 a statement from Gain you reviewed it, correct?</p> <p>11 A It was my responsibility to review      12 it, yes, check for accuracy of the official record      13 of the account.</p> <p>14 Q Got it. Were they in fact accurate?</p> <p>15 A There is times when they're not.</p> <p>16 Q When were they not accurate? Can you      17 recall --</p> <p>18 A No.</p> <p>19 Q -- any specific instances?</p> <p>20 A No.</p> <p>21 Q What did you do when you found the      22 statements were inaccurate?</p> <p>23 A I immediately notify the compliance --</p> <p>24 Q And that's Mr. Evans, correct?</p>	<p>Page 78</p> <p>1 of the inaccuracies that you can recall about      2 the Gain statements when you received them?</p> <p>3 A Most of it had to do with like      4 allocations, you know. I don't think block order      5 is the correct way to describe the way that we --      6 that Tim Evans actually executed the trades. I      7 think that means something different. But, you      8 know, it's -- if one of my clients was supposed      9 to get like three of the specific, you know, trades      10 in the account, maybe there was one or four or five      11 or something like that. The other thing is he did      12 like this commission credit system on I think if      13 there was a four-legged strategy, maybe they got      14 some sort of commission discount. And that, I mean,      15 those were not entered properly sometimes. So --      16 and then I think in like the allocation, like let's      17 say I had a client who had told me, hey, I'm done      18 trading or something of that nature and I would      19 tell him, you know, I never turned in permission      20 for it to be traded. Well, sometimes there would      21 be a situation where like that account was traded      22 and those trades were entered in. So I'd have to      23 tell him about it then. I think those would be      24 like moved to like errors or omissions or something</p>

<p>1 of that nature, but --</p> <p>2 BY MR. BURDEN:</p> <p>3 Q Sorry, keep going.</p> <p>4 A It's never -- I don't think it's ever</p> <p>5 like the wrong strike price or anything like that.</p> <p>6 I think it's more of just the allocation system</p> <p>7 breakdown.</p> <p>8 Q All right. So did you feel that you</p> <p>9 understood the statements you received from Gain?</p> <p>10 A Over time, yeah. I mean, I wouldn't</p> <p>11 say like, you know, when I had my first client</p> <p>12 I understood it. But, I mean, I could tell you</p> <p>13 right now that I could -- I'm very well versed in</p> <p>14 a statement right now, yeah.</p> <p>15 Q All right. So --</p> <p>16 A But I've also -- you know, in my</p> <p>17 time at Long Leaf I was -- you know, I'd only</p> <p>18 been in the industry for, I don't know, a couple</p> <p>19 years so ...</p> <p>20 Q So when at Long Leaf do you think you</p> <p>21 first began to understand the Gain statements?</p> <p>22 A I couldn't tell you like a date.</p> <p>23 Q Was it early on or did it take some time?</p> <p>24 A Probably took some time, yeah.</p>	<p>Page 81</p> <p>1 (Whereupon CFTC Exhibit No. 120 was</p> <p>2 marked for identification, MM.)</p> <p>3 Q Mr. Ruth, I want to hand you what</p> <p>4 I've marked as CFTC Exhibit 120, and I'm going</p> <p>5 to ask you if you recognize this document and if</p> <p>6 you can tell me what it is. And please indicate me</p> <p>7 when you've reviewed it to your satisfaction.</p> <p>8 MR. MAY: I'm still looking at it.</p> <p>9 THE WITNESS: It's going to take you</p> <p>10 a year.</p> <p>11 MR. MAY: This document isn't sequentially</p> <p>12 Bates stamped.</p> <p>13 MR. BURDEN: Yeah, that's correct.</p> <p>14 MR. MAY: Okay. So I really can't</p> <p>15 say for the record how many pages it is, but</p> <p>16 it looks to be at least like a hundred.</p> <p>17 MR. BURDEN: Do you consider that that's</p> <p>18 required?</p> <p>19 MR. MAY: Do I consider it to be required?</p> <p>20 MR. BURDEN: Yeah.</p> <p>21 MR. MAY: It would be customary.</p> <p>22 MR. BURDEN: All right. Well, we're not</p> <p>23 going to do that today.</p> <p>24 Q All right. Mr. Ruth --</p>
<p>1 Q All right. Did you ever ask for help</p> <p>2 in understanding the Gain statements?</p> <p>3 A Yeah.</p> <p>4 Q Who did you ask for help from?</p> <p>5 A Tim Evans.</p> <p>6 Q All right. Did he give it to you?</p> <p>7 A I don't recall specifically, but I would</p> <p>8 assume so.</p> <p>9 Q Well, do you remember if he did or not?</p> <p>10 A Yeah, I mean, he would help me out, yeah.</p> <p>11 Q Would Mr. Evans explain the statements</p> <p>12 to you?</p> <p>13 A Yeah, he would try, yes.</p> <p>14 Q All right. And was that effective?</p> <p>15 Did you understand the statements when Mr. Evans</p> <p>16 explained them?</p> <p>17 A I mean, not in its entirety but that</p> <p>18 specific issue at the time, yes.</p> <p>19 Q All right. Did you ask anybody</p> <p>20 else for help understanding the Gain statements?</p> <p>21 A There would be times where I would</p> <p>22 call like maybe the Gain trade desk and ask them</p> <p>23 questions about it as well.</p> <p>24</p>	<p>Page 82</p> <p>1 MR. MAY: I'm not done.</p> <p>2 MR. BURDEN: Oh, by all means. Have at it.</p> <p>3 MR. MAY: All right.</p> <p>4 MR. BURDEN: Mr. May?</p> <p>5 MR. MAY: Go ahead.</p> <p>6 BY MR. BURDEN:</p> <p>7 Q All right. Mr. Ruth, do you recognize</p> <p>8 CFTC Exhibit 120?</p> <p>9 A I believe it appears to be my equity run</p> <p>10 for 8/31/2016.</p> <p>11 Q So you'll see the subject of this</p> <p>12 email is Daily Client Statement. Do you see that?</p> <p>13 A Correct.</p> <p>14 Q All right. So what's a daily client</p> <p>15 statement for the record, please.</p> <p>16 A Daily client statement is -- over LLT010</p> <p>17 it encompasses the account statements for everybody</p> <p>18 under that sales code.</p> <p>19 Q And whose sales code is that, please.</p> <p>20 A That's one of my sales codes. And</p> <p>21 then it also encompasses -- I don't know what they</p> <p>22 call this but -- I don't have a page number either.</p> <p>23 But starting here, this is like a different -- it's</p> <p>24 not a daily client statement.</p>

<p>1 Q So let me stop you there because 2 that's exactly the part I'd like to talk about. 3 A Okay. 4 Q And as your counsel pointed out, 5 Exhibit 120 is not sequentially numbered, nor are 6 any of the documents produced by Long Leaf Trading. 7 If you flip to where the pages of Exhibit 120 orient 8 horizontally -- 9 A Yeah. 10 Q -- i.e., in a landscape format, 11 the title at the top is Account Sequence Status 12 Report. Do you see that? 13 A Um-hmm. 14 Q Yes? 15 A Yep. 16 Q All right. So what does this account 17 sequence status report show, please. 18 A Well, there's a lot of things that you 19 can get from it. 20 Q All right. Does the account sequence 21 status report show the profit and loss of each 22 customer account? 23 A I would say not clearly. 24 Q All right. Why do you say that?</p>	<p style="text-align: right;">Page 85</p> <p>1 Q Why not? 2 A Because I don't -- I don't know 3 who -- how that's calculated. I didn't produce 4 that report. 5 Q All right. 6 A I don't know if that encompasses 7 commissions. I don't know how that's calculated. 8 So, no, I'm going to say no. 9 Q Okay. But is your answer no or is it 10 that you don't know? 11 A Well, I don't know and my answer is no. 12 Q All right. Why do you -- I mean, 13 it says profit and loss. It says month-to-date, 14 year-to-date and life-to-date. And you received 15 this statement every day that the market was open, 16 correct? 17 A Right, but that client has an open 18 position. So month-to-date how come there's no 19 profit and loss? 20 Q Yeah, I don't know. But my question 21 to you is why does this not reflect month-to-date, 22 year-to-date and life-to-date profits or losses for 23 this account? 24 A These are short option strategies.</p>
<p>1 A Like I wouldn't look under the 2 subject and say profit and loss and be like you 3 lost \$20,000. 4 Q Yeah, so we're looking at the same thing 5 here. So let's take a look at -- 6 A That's not -- yeah, that's not accurate. 7 Q -- the first page of the account 8 sequence status report for CFTC Exhibit 120, and 9 you'll see there is a part that says profit and 10 loss. Do you see that? 11 A Um-hmm. 12 Q Yes? 13 A Correct. 14 Q All right. And you'll see on the 15 left-hand side it says MTD amounts, YTD amounts and 16 LTD amounts. Do you know what those words mean? 17 A Yes. 18 Q What does that mean, please. 19 A Month-to-date, year-to-date, lifetime 20 to date. 21 Q All right. So for profit and loss, 22 is that showing us the month-to-date, year-to-date 23 and life-to-date profit or loss of the account? 24 A No.</p>	<p style="text-align: right;">Page 86</p> <p>1 So I would assume that that -- those numbers are 2 not correct. 3 Q But why do you think that? 4 A Because your statement that you guys 5 require doesn't reflect a short option strategy 6 properly. 7 Q So what component of let's just 8 say profitability or value do you believe is not 9 reflected in this profit and loss calculation we see 10 in Exhibit 120? 11 A Can you repeat the question? 12 Q Yeah. So your testimony is that 13 we're looking at a -- it says profit and loss life 14 to date 20,169.53. Do you see that? 15 A Correct. 16 Q And do you see a DR next to it? 17 A Correct. 18 Q Do you know what DR means? 19 A Debit. 20 Q All right. So why does this not 21 reflect a \$20,000 loss for the life of this 22 account? 23 A I think the better question is why does it. 24 Q Well, I'm not testifying. You're</p>

<p>1 testifying.</p> <p>2 A Well, how do you -- well, I mean, you're 3 representing that it is.</p> <p>4 Q No, no, no, I'm not representing that it 5 is. I'm asking you if that is what it represents 6 and you're --</p> <p>7 A All right. Well, if you find out 8 if it is, then I'll testify whether or not it is 9 or isn't.</p> <p>10 Q All right. It sounds like your 11 testimony, though, is that this \$20,000 does not 12 reflect life-to-date losses for this account, 13 correct?</p> <p>14 A You don't even know if it does. So when 15 you figure it out, I'll testify.</p> <p>16 Q Is there some component of this, some 17 component of value --</p> <p>18 A To who?</p> <p>19 Q -- to this account that is not reflected 20 in this 20,000 --</p> <p>21 A Value to who? A person needs value. 22 A value to me? A value to the client? The client 23 doesn't get this. This is to me.</p> <p>24 Q What I'm asking you is why do you think</p>	<p>Page 91</p> <p>1 us the P&amp;L of an account over its life?</p> <p>2 MR. MAY: I'm sorry. Could you repeat the 3 question, please.</p> <p>4 (Whereupon the portion of the record 5 was read as requested.)</p> <p>6 A I don't want to like sound combative 7 here, but aren't you the CFTC? Shouldn't you -- 8 like you're the one who designs this whole system. 9 So --</p> <p>10 Q Well, I don't -- sorry, go ahead.</p> <p>11 A Wouldn't you guys understand -- like 12 wouldn't you know where that is?</p> <p>13 Q But I can't testify, right? So 14 I have to ask you during this proceeding what you 15 know and understand. So if I know it --</p> <p>16 A All right. Well, I refer --</p> <p>17 Q -- I couldn't say.</p> <p>18 A I refer to the Commission to figure 19 out where they put the performance of the account.</p> <p>20 Q Do you know where we can find it here?</p> <p>21 A I mean, I think that if you were to 22 take, you know, a document and look at it and 23 there's a subtitle heading that says profit and 24 loss, I think one would assume that that might</p>
<p>1 this does not represent --</p> <p>2 A Because most statements that are 3 produced do not reflect the actual value of the 4 account.</p> <p>5 Q Okay. So what would go into the actual 6 value of the account?</p> <p>7 A How would I calculate profit and loss?</p> <p>8 Q Yes.</p> <p>9 A I would -- in this situation I would 10 probably use an equation of closed positions, the 11 P&amp;L of closed positions, and I would do that on a 12 net basis, including fees, brokerage commissions.</p> <p>13 Q Got it.</p> <p>14 A And, yeah. I guess, I don't know, 15 platform fees, something like that. I don't know 16 how that's calculated, so I can't tell you whether 17 or not it's an accurate representation of the profit 18 and loss of the account.</p> <p>19 Q Got it. So this profit and --</p> <p>20 A I have reason to believe it's not, 21 considering that it's zero in MTD and there's open 22 positions in Shane Allen's account at the time.</p> <p>23 Q All right. So where could we look 24 in these daily statements that you received to show</p>	<p>Page 90</p> <p>1 be the answer. However, you don't know what is 2 used in that calculation. So I wouldn't be able 3 to say with any certainty that that is the actual 4 profit and loss of the account.</p> <p>5 Q So when you received these daily 6 statements, would you look and see what the P&amp;L 7 of an account was, you know, see how your clients 8 are doing?</p> <p>9 A No.</p> <p>10 Q Why not?</p> <p>11 A Because that's not part of my review. 12 My review stops before I get to this (indicating).</p> <p>13 That's not part of my responsibilities. My 14 responsibilities is check for the accuracy of the 15 statement.</p> <p>16 Q Got it. But that does not include the 17 accuracy of P&amp;L for the account?</p> <p>18 A I can't -- you can't compute it. 19 I can't compute it. The statement can't compute 20 it. So no one would make that a responsibility of 21 anybody.</p> <p>22 Q All right. So your testimony is that 23 you received these daily statements from Gain?</p> <p>24 A Um-hmm.</p>

<p style="text-align: right;">Page 93</p> <p>1 Q And you did review them, correct?</p> <p>2 A The purpose of my review is to check for 3 the accuracy of like the positions in the account.</p> <p>4 Q Got it. So you didn't -- did you keep 5 track of your clients' profit and losses over the 6 course of their trading?</p> <p>7 A Not that I -- no, not that I recall.</p> <p>8 Q Okay. You can put 120 aside, if you want.</p> <p>9 A (Witness complies).</p> <p>10 EXAMINATION</p> <p>11 BY MR. PATRICK:</p> <p>12 Q Before we do that, I think you 13 testified earlier that you became over time 14 pretty adept at reading the Gain statements, is 15 that right?</p> <p>16 A Correct.</p> <p>17 Q And since leaving Long Leaf Trading you've 18 worked at other brokerages?</p> <p>19 A Correct.</p> <p>20 Q And was it your responsibility 21 in your role at those other brokers to review the 22 statements, similar to how you reviewed them at Long 23 Leaf Trading, to identify whether the positions were 24 accurate, that sort of thing?</p>	<p style="text-align: right;">Page 95</p> <p>1 A Shane Allen?</p> <p>2 BY MR. PATRICK:</p> <p>3 Q Shane Allen, correct.</p> <p>4 A Consolidated financial statement?</p> <p>5 Q Correct.</p> <p>6 A Yes. There's no P&amp;L line item on there.</p> <p>7 Q Okay. So at the very end of the 8 statement where you see the account summary as 9 of 30 August 2016, do you see that?</p> <p>10 A Yep.</p> <p>11 Q Okay. And in that recap section 12 there's -- I think it's the third row down -- 13 there's a section called realized profit and loss. 14 Do you see that?</p> <p>15 A Yes.</p> <p>16 Q Okay. Do you understand what that means, 17 realized profit and loss?</p> <p>18 A Yes.</p> <p>19 Q What does it mean?</p> <p>20 A It means on that specific day a trade 21 was closed, and it has a specific debit or credit 22 value to that actual trade.</p> <p>23 Q Okay. And do you know if --</p> <p>24 A It has to be a closed trade from that</p>
<p style="text-align: right;">Page 94</p> <p>1 A I think it was the responsibility of 2 all brokers, yes.</p> <p>3 Q Okay. Do you understand the profit 4 and loss in a brokerage account statement to 5 include --</p> <p>6 A It's not an account statement, though.</p> <p>7 Q Okay. Do you understand the profit and 8 loss --</p> <p>9 A Sorry for cutting you off, yeah.</p> <p>10 Q Okay. When you review a Gain customer 11 statement, at the end of the customer statement is 12 there a recap section that includes customer profit 13 and loss?</p> <p>14 A No.</p> <p>15 Q So --</p> <p>16 A On the Gain statement there's 17 an account summary section. There's a net 18 liquidating value would be the closest thing, but 19 that is not a reflection of profit and loss of the 20 account.</p> <p>21 Q Okay. So if we look at the second 22 page -- make it the third page of Exhibit 120, 23 do you see that? And this would be --</p> <p>24 MR. MAY: Are we talking --</p>	<p style="text-align: right;">Page 96</p> <p>1 specific day in that situation.</p> <p>2 Q I understand. So would Gain include 3 the gain or loss on an open position in that section 4 called realized profit and loss?</p> <p>5 A No, because it wouldn't meet the definition 6 of realized profit or loss.</p> <p>7 Q Okay. So is your understanding 8 of the term profit and loss, does that also include 9 unrealized profit and loss or does that only include 10 positions that have been offset and are now closed?</p> <p>11 A It's not a black or white situation.</p> <p>12 It would be depending on what information you're 13 trying to obtain from me. So if you're a customer 14 and you say where is my account now, well, what 15 are you looking for? Are you looking for --</p> <p>16 you know, I would have to clarify.</p> <p>17 Q I understand.</p> <p>18 A So it's not --</p> <p>19 Q I'm only asking in the context of 20 what you understand the Gain Capital statements to 21 say. So is it your understanding that Gain Capital 22 when it reports profit and losses on its account 23 statements, that it includes profit and losses 24 on open positions and closed positions?</p>

<p>1 A Well, net liquidating value by      2 definition is if we were to liquidate all the      3 positions in your account at the time that this      4 statement was printed at the prices reported to,      5 you know, the settle price on this statement, that      6 would be the value of your account. That is not the      7 profit and loss of your account.</p> <p>8 Q Understood. And I'm not asking about --</p> <p>9 A So nowhere, nowhere on this statement      10 does it give the profit and loss of the account.</p> <p>11 Q I'm only asking what you understand      12 Gain includes in that line called profit and loss.</p> <p>13 MR. MAY: You mean the one that says      14 realized profit and loss?</p> <p>15 MR. PATRICK: Correct.</p> <p>16 MR. MAY: Okay.</p> <p>17 A I think we've already answered that,      18 though. I've said the realized profit and loss      19 can only happen on the day that there's a realized      20 profit and loss.</p> <p>21 BY MR. PATRICK:</p> <p>22 Q So that does not include trades      23 that are open as of the date of the statement?</p> <p>24 A Correct. I mean, I would assume that</p>	<p>Page 97</p> <p>1 I bet you if I were to take one of these spreads      2 and I were to actually do the math, I would say      3 that one of these spreads is probably going to      4 tell me that I'm losing -- I'm just going to throw      5 an arguable number out here -- let's say \$3,000 on      6 this statement. But if you go back to the actual      7 strategy and you look at the risk of the strategy,      8 you can't physically lose \$3,000 on that strategy.      9 And so if you were to go to the net liquidating      10 value, it's going to have a negative draw of \$3,000      11 but the strategy can only lose let's just say like      12 1200 bucks. So there's 28 -- or \$1800 there of      13 money that it's saying that you don't have at your      14 net liquidating value that you really do have.      15 And so, yes, the statement that you guys have      16 designed, I think it doesn't give an accurate      17 reflection of the profit or loss of the account      18 at any given point. It's not black and white.</p> <p>19 FURTHER EXAMINATION</p> <p>20 BY MR. BURDEN:</p> <p>21 Q So forgive me for asking this question      22 I think possibly again, but how did you track your      23 customers' progress over time?</p> <p>24 A It's their responsibility.</p>
<p>1 because of the fact that it says 0.00.</p> <p>2 Q Okay.</p> <p>3 A Yeah. So there's -- in summation,      4 there's no way for me to look at this statement      5 and say here's the profit and loss of your account      6 on a specific day.</p> <p>7 Q Okay. So do you think that the      8 Gain statements are not including premium that's      9 captured in a credit spread strategy as part of      10 the profit and loss in the profit and loss statement      11 and that's the reason why you can't calculate where      12 a customer's account is at?</p> <p>13 MR. MAY: That was a really long      14 statement. Could you read it back to the      15 witness?</p> <p>16 (Whereupon the portion of the record      17 was read as requested.)</p> <p>18 A I can't calculate where a customer's      19 account is at because the statement doesn't provide      20 that information on a daily basis.</p> <p>21 BY MR. PATRICK:</p> <p>22 Q And I'm just trying to get at what      23 it is --</p> <p>24 A Here, I'll give you an example.</p>	<p>Page 98</p> <p>1 Q And I don't want to dispute that      2 or be seen to argue with you, but did you track      3 it yourself?</p> <p>4 A I mean, it depends. Like some people      5 I would do it for or try to get close or something      6 of that nature, but I don't like recall specifically      7 who or what or how long I did it for or anything of      8 that -- there's no like regular procedure. But,      9 yeah, if there's -- I mean, yeah. That's all I got.</p> <p>10 Q Well, I want to push back on that      11 a little bit. It seems surprising to me that you      12 wouldn't have had any idea how your customers were      13 doing profitwise. Was that the case?</p> <p>14 A I think you don't understand. I'm      15 a lemming in this whole entire process, right?      16 I show up to work. I do what I'm told. I'm new      17 in the industry. My mentor is Tim Evans, you know.      18 I've only heard from one person at this point in      19 my career as to what is right and what is wrong,      20 and I'm just trying to absorb as much information      21 as possible and be successful in life from a      22 professional standpoint and that's it.</p> <p>23 Now, if you were to talk to      24 Jeremy in 2019 and how he conducts himself, yeah,</p>

<p>1 like I agree. I think it's ridiculous too that      2 I didn't know. But I, you know, have learned      3 many things over the years and I've gotten, you      4 know, mentors with different perspectives and I'm      5 constantly trying to absorb new information to      6 be a better broker and understand my industry and      7 finance in general and compliance and regulations.      8 And, you know, I would volunteer to help you guys      9 design a statement that actually makes sense for      10 clients. But, yeah, it's -- I mean, I went from      11 being, you know, internet marketing to a broker      12 in a short period of time and you're asking me      13 about, you know, then. And I didn't have much      14 knowledge and I only had one person teaching me      15 the ropes.</p> <p>16 Q So you worked at Long Leaf Trading for      17 two years and change, is that right?</p> <p>18 A I believe so, yeah.</p> <p>19 Q So is it your testimony that during      20 that period you didn't know whether your customers      21 were making or losing money from month to month?</p> <p>22 A I don't recall what happened two years      23 ago with customers, you know, when I'm with specific      24 customers.</p>	<p>Page 101</p> <p>1 Q Well, it just sounds like your      2 testimony is that you worked at Long Leaf Trading      3 for two years and you had no idea whether your      4 customers were making or losing money. That's      5 what it sounds like your testimony is to me. Is      6 that what you mean to say? Is that right?</p> <p>7 MR. MAY: I think --</p> <p>8 A No.</p> <p>9 MR. MAY: -- we're asking the same      10 question kind of over and over again until      11 we get an answer that we like the best, which      12 is really not permissible.</p> <p>13 MR. BURDEN: Mr. May, I think what      14 we're trying to do is get an actual answer.</p> <p>15 MR. MAY: I think you have an actual      16 answer. It just doesn't suit your purpose.</p> <p>17 MR. BURDEN: You don't know what my      18 purpose is, do you?</p> <p>19 MR. MAY: I have an idea.</p> <p>20 MR. BURDEN: Would you read the question      21 back, please.</p> <p>22 (Whereupon the portion of the record      23 was read as requested.)</p> <p>24 A I mean, I don't think I testified to</p>	<p>Page 103</p> <p>1 that. That doesn't accurately reflect what I've      2 said. All I'm saying is is that you have a record      3 of what happened. You have a box of it over there.      4 Like I don't understand my opinion of it. I don't      5 know what -- how that matters. I mean, these      6 things don't lie. These are the results, right?</p> <p>7 Q Well, Mr. Ruth, the entire purpose      8 of you being here is to give us your opinions      9 and to tell us what you remember, what you said      10 or what people said to you.</p> <p>11 A Well, I mean, I don't know. I can't      12 say this enough but in a different way. I don't      13 remember the specific results of any of the accounts      14 that I had to deal with.</p> <p>15 (Whereupon CFTC Exhibit No. 121 was      16 marked for identification, MM.)</p> <p>17 Q All right. Mr. Ruth, I want to      18 hand you what I've marked as CFTC Exhibit 121.      19 And take a look at it, if you would for me, please,      20 and indicate to me when you've reviewed it to your      21 satisfaction.</p> <p>22 MR. MAY: Actually, these ones and      23 all the ones except CFTC Exhibit No. 120 are      24 sequentially numbered.</p>
<p>1 Q Well, I'm not asking about      2 specific customers. I mean, for the Time Means      3 Money program, right, substantially all of those      4 customers get the same four trade recommendations      5 every month, is that right?</p> <p>6 A Essentially, yeah.</p> <p>7 Q Yeah. So did you keep track of how      8 those recommendations were doing, whether they were      9 making money or losing money on a month-to-month      10 basis?</p> <p>11 A It's all right here.</p> <p>12 Q And you're indicating that it's all in      13 Exhibit 120, correct?</p> <p>14 A No. I'm indicating that the record      15 of what happened to these people's accounts comes      16 through the account statements. If you're asking      17 me like did I keep track of something outside of it,      18 not that I recall.</p> <p>19 Q Okay.</p> <p>20 A The official record of the account is      21 their account statement. That's what happened.      22 You guys have access to them. I see you have a      23 whole box of them, so I'm sure you guys know what's      24 going on.</p>	<p>Page 102</p> <p>1 Q Well, I'm not asking about      2 specific customers. I mean, for the Time Means      3 Money program, right, substantially all of those      4 customers get the same four trade recommendations      5 every month, is that right?</p> <p>6 A Essentially, yeah.</p> <p>7 Q Yeah. So did you keep track of how      8 those recommendations were doing, whether they were      9 making money or losing money on a month-to-month      10 basis?</p> <p>11 A It's all right here.</p> <p>12 Q And you're indicating that it's all in      13 Exhibit 120, correct?</p> <p>14 A No. I'm indicating that the record      15 of what happened to these people's accounts comes      16 through the account statements. If you're asking      17 me like did I keep track of something outside of it,      18 not that I recall.</p> <p>19 Q Okay.</p> <p>20 A The official record of the account is      21 their account statement. That's what happened.      22 You guys have access to them. I see you have a      23 whole box of them, so I'm sure you guys know what's      24 going on.</p>	<p>Page 104</p> <p>1 that. That doesn't accurately reflect what I've      2 said. All I'm saying is is that you have a record      3 of what happened. You have a box of it over there.      4 Like I don't understand my opinion of it. I don't      5 know what -- how that matters. I mean, these      6 things don't lie. These are the results, right?</p> <p>7 Q Well, Mr. Ruth, the entire purpose      8 of you being here is to give us your opinions      9 and to tell us what you remember, what you said      10 or what people said to you.</p> <p>11 A Well, I mean, I don't know. I can't      12 say this enough but in a different way. I don't      13 remember the specific results of any of the accounts      14 that I had to deal with.</p> <p>15 (Whereupon CFTC Exhibit No. 121 was      16 marked for identification, MM.)</p> <p>17 Q All right. Mr. Ruth, I want to      18 hand you what I've marked as CFTC Exhibit 121.      19 And take a look at it, if you would for me, please,      20 and indicate to me when you've reviewed it to your      21 satisfaction.</p> <p>22 MR. MAY: Actually, these ones and      23 all the ones except CFTC Exhibit No. 120 are      24 sequentially numbered.</p>

<p style="text-align: right;">Page 105</p> <p>1       MR. BURDEN: You know, why don't you      2 and me talk about this off the record because      3 your curiosity is understandable, but it doesn't      4 matter tremendously for the purposes of our      5 testimony.</p> <p>6       MR. MAY: Okay, yeah. It's just --</p> <p>7       MR. BURDEN: I'll tell you what,      8 since Mr. Ruth is reviewing, I'll indulge      9 your question on the record. So those were      10 produced by Long Leaf Trading. We Bates number      11 them internally.</p> <p>12      MR. MAY: Okay.</p> <p>13      MR. BURDEN: So they're really      14 more control numbers and it's actually not      15 sequential, but the reason you think it is      16 is because there's an email as an attachment.      17 So if the attachment was more than one page,      18 you would see 89750, 89751, 89751, 89751.      19 Does that make sense?</p> <p>20      MR. MAY: It does.</p> <p>21      A   What are you guys trying to investigate?      22 Like what's --</p> <p>23 BY MR. BURDEN:</p> <p>24      Q   I can't answer questions here.</p>	<p style="text-align: right;">Page 107</p> <p>1       A   Yep.</p> <p>2       Q   And it was sent on April 13th of 2017.</p> <p>3 You worked at Long Leaf Trading during that time,      4 correct?</p> <p>5       A   Correct.</p> <p>6       Q   All right. So it's to James Leeney and      7 Vince Prieto, right?</p> <p>8       A   Yes.</p> <p>9       Q   All right. So who are they?</p> <p>10      A   They are brokers at Long Leaf Trading      11 Group.</p> <p>12      Q   All right. And you'll see the subject      13 is what?</p> <p>14      A   March 2017 Results.xlsx.</p> <p>15      Q   All right. So Exhibit 121 reflects      16 that this email has an attachment, is that right?</p> <p>17      A   Yes.</p> <p>18      Q   Yeah. And the attachment is called      19 March 2017 Results.xlsx as well, right?</p> <p>20      A   Yep.</p> <p>21      Q   All right. Is this an email that you sent?</p> <p>22      A   It's what it indicates from the first page.</p> <p>23      Q   All right. So let's turn the page,      24 if we could, please, and this is the attachment</p>
<p style="text-align: right;">Page 106</p> <p>1      A   I mean, maybe you can fill --</p> <p>2      MR. MAY: It's perfectly --</p> <p>3      A   -- me in.</p> <p>4      MR. MAY: It's perfectly understandable      5 but, yeah, they cannot answer questions.</p> <p>6 BY MR. BURDEN:</p> <p>7      Q   Yeah, your counsel can fill you in. He      8 knows what he's doing. All right.</p> <p>9      MR. MAY: This is 121?</p> <p>10     MR. BURDEN: That's right.</p> <p>11     Q   All right. So do you recognize CFTC      12 Exhibit 121?</p> <p>13     A   When you say recognize, what do you mean      14 by that?</p> <p>15     Q   Do you know what it is? Have you seen it      16 before? Does it look familiar?</p> <p>17     MR. MAY: That's a whole bunch of different      18 questions, though.</p> <p>19     MR. BURDEN: But it illustrates my question      20 to Mr. Ruth.</p> <p>21     A   Does it look familiar? It doesn't.</p> <p>22     Q   All right. So let's look at the From      23 line here, jruth@longleaftrading. That's your email      24 address, right?</p>	<p style="text-align: right;">Page 108</p> <p>1 to the email. Do you know what this is?</p> <p>2      A   It looks like a table.</p> <p>3      Q   All right. Is this a table that you put      4 together?</p> <p>5      A   Possibly.</p> <p>6      Q   Is this type of table something that      7 you would put together regularly while you were at      8 Long Leaf Trading?</p> <p>9      A   I wouldn't use the word regularly.</p> <p>10     Q   Occasionally?</p> <p>11     A   I wouldn't use the word occasionally.</p> <p>12     Q   How frequently would you put together      13 tables like this?</p> <p>14     A   Infrequently.</p> <p>15     Q   All right. So do you recall what      16 this table was meant to represent? What were you      17 telling people with this email, if indeed you sent      18 it?</p> <p>19     A   I think those would be the four trades      20 from, I don't know, either February or March and      21 those were the P&amp;L on the three -- four trades or,      22 again, this is probably in draft form. So I don't      23 know if that's 100 percent accurate, but that would      24 be the net P&amp;L on the four trades. And then through</p>

<p style="text-align: right;">Page 109</p> <p>1 Excel I use the table to show based on the number 2 of contracts what that meant for the client. 3 Q All right. So -- 4 A But it was sent in April. 5 Q I see that. 6 A So I don't know. I don't know what the 7 purpose of it was for or anything of that nature. 8 Q So how did you put together this table, 9 please. 10 A I don't recall specifically but, I mean -- 11 MR. MAY: Well, he's asking you about 12 this table. 13 THE WITNESS: How did I put it together? 14 MR. MAY: Not about tables in general. 15 A I couldn't tell you. 16 BY MR. BURDEN: 17 Q All right. So it looks like the net P&amp;L 18 for one I guess transaction, all the recommended 19 trades, is negative \$920.21. Did I read that right? 20 A Can you state that again? 21 Q Yeah, okay. Well, I'll ask you. So do you 22 see where it says net P&amp;L at the bottom? 23 A Yep. 24 Q So do you see where it says \$920.21</p>	<p style="text-align: right;">Page 111</p> <p>1 BY MR. BURDEN: 2 Q All right. So, Mr. Ruth, do you recognize 3 Exhibit 94? 4 A Nope. 5 Q All right. Do you see at the top where 6 it says jruth@longleaftrading.com? 7 A Yep. 8 Q Was that your email address? 9 A Yes. 10 Q All right. It says June 9, 2017. 11 Did you work at Long Leaf Trading during that time? 12 A Yes. 13 Q Who were Pierre Halteh, Vince Prieto 14 and James Leeney? 15 A Associated persons of Long Leaf Trading 16 Group. 17 Q All right. So the subject says TMM May 18 Results. Do you see that? 19 A Correct. 20 Q And it looks like there's an attachment 21 to this email. Do you see that? 22 A Yep. 23 Q All right. Is this an email that you 24 sent to Mr. Halteh and Mr. Prieto and Mr. Leeney?</p>
<p style="text-align: right;">Page 110</p> <p>1 in parentheses? 2 A Correct. 3 Q What does that indicate, please. 4 A It may -- I'm speculating here because 5 I don't know specifically -- but it may reflect 6 the net P&amp;L of the four positions for March 2017. 7 Q All right. So forgive me if you feel 8 that I've asked this question before, but how did 9 you ascertain that, if you recall? 10 A I don't recall but ... 11 Q So why did you send this to Mr. Leeney 12 and Mr. Prieto? 13 A No clue. 14 Q All right. Let's put that aside, if we 15 could, please. 16 A (Witness complies). 17 Q All right. So, Mr. Ruth, I want to 18 hand you what I've marked as CFTC 94, and it's 19 a group exhibit that consists of two emails with 20 their attachments. And indicate for me, if you 21 would, please, when you've reviewed it to your 22 satisfaction. 23 MR. MAY: Okay. 24</p>	<p style="text-align: right;">Page 112</p> <p>1 A It appears so. 2 Q All right. And it says, "For your info 3 only." Did you write that? 4 A I don't recall. 5 Q All right. So turn the page for me, if 6 you would, please, and this is the attachment and 7 the filing of the attachment is TMM May Results. 8 Is this a spreadsheet that you put together? 9 A I don't recall. 10 Q Do you have any understanding as to 11 what this shows? 12 A It looks like it gives you a lot 13 of information about the potential profit and loss 14 of the specific trades. 15 Q And when you say the specific trades, 16 you mean the trades that were recommended by Long 17 Leaf Trading to customers, is that right? 18 A I would assume so, yeah. 19 Q All right. And if you look at the 20 right-hand corner of the spreadsheet, you'll see 21 there's a heading that says P&amp;L Per Contract and 22 the one next to it that says P&amp;L Per 3 Contracts. 23 Do you see that? 24 A Correct.</p>

1    Q    All right. So did you put that together? 2    A    I don't recall. 3    Q    All right. And it looks there 4 like this says that there's a loss of \$28.90 per 5 contract that's indicated in Exhibit 94. Is that 6 your understanding of what's going on here? 7    A    That's what appears so ... 8    Q    All right. Did you put charts like 9 this together and send them to the other brokers 10 at Long Leaf? 11   A    I may have. I don't recall specifically. 12   Q    All right. So would you turn, please, 13 to the second email in Group Exhibit 94. And this 14 is from your email address, correct? 15   A    Yes. 16   Q    And it looks like it was sent later in 17 the day on June 9, 2017, right? 18   A    Correct. 19   Q    All right. And it's to these other brokers 20 at Long Leaf Trading, right? 21   A    Correct. 22   Q    And the subject is TMM May Results again. 23 Do you see that? 24   A    Um-hmm.	Page 113  1    mistakes. That's probably why I had to update 2 it 20 minutes later. 3    Q    Got it. So looking at these charts here, 4 are these charts that you generated? 5    A    I would assume so. 6    Q    All right. And it looks like this 7 indicates losses of \$28.90 per contract, is that 8 right? 9    A    That's what it says, yep. 10   Q    All right. And at the bottom 11 there's another chart that reflects losses of 12 28.89 through \$375.57 depending on the number of 13 contracts that the customers entered into. Am I 14 reading this correctly? 15   A    I think that's the idea behind that, yeah. 16   Q    All right. So how did you put this 17 together? Like how did you work out that this 18 was correct and incorrect, or incorrect what you 19 believed the P&L to be? 20        MR. MAY: Actually, I think that 21 misstates his prior testimony. I don't think 22 he said he recalled putting this together. 23 BY MR. BURDEN: 24   Q    Mr. Ruth, did you put this together?
Page 114  1    Q    Yes? 2    A    Correct. 3    Q    All right. And then the email body 4 says, "Updated. Don't share." Did you write that? 5    A    I don't recall. 6    Q    All right. And if you don't recall, 7 I'm asking you to speculate, but do you have any 8 recollection or knowledge of why you would have told 9 these other brokers don't share? 10   A    I don't recall. 11   Q    All right. And if you look at the 12 second page of this email in Exhibit 121, we've 13 got another couple of charts. Are these charts that 14 you put together? 15   A    Actually, going back, I can speculate. 16   Q    Okay. Please do. 17   A    The reason why I tell people not to 18 share is because this is not the official record 19 of the account and this is just like my math in 20 another system that I use, so I don't want them like 21 giving it to a client or anything of that nature. 22 This is unverified calculations of what I believe I 23 would assume to be true or close to it or something 24 of that nature. But as you can see, I make	Page 116  1    Is it in an email sent by you? 2    A    Yeah. I don't recall specifically, 3 but there's a possibility that I could have done 4 such a thing. 5    Q    All right. You know, do you recall 6 how you put this chart together? 7    A    No. I think the chart, though, 8 tells you how I put it together. Like isn't that 9 the -- 10        MR. MAY: It tells you how someone put 11 it together. 12   A    Right. It says all the debits and credits, 13 right? 14 BY MR. BURDEN: 15   Q    Is that how you arrived at the -- 16   A    I don't know. I couldn't tell you 17 from this piece of paper. I'd have to open up the 18 Excel file. 19   Q    All right. You can put that one aside, 20 if you would, please, and I'm going to hand you what 21 I've marked as CFTC Exhibit 93. 22   A    (Witness complies). 23        MR. MAY: We're a little over the one- 24 hour mark. Do you guys have any idea about

1 how much longer we're going to go before 2 a lunch break? 3 MR. BURDEN: When would you like to have 4 a lunch? 5 MR. MAY: Maybe I need to confer with 6 the witness. It's hard to testify over an 7 hour. That's always been my experience. 8 MR. BURDEN: All right. Well, I'll 9 tell you what. Why don't we get through four 10 more documents and then we'll go to lunch right 11 after that. Does that work for you guys? 12 MR. MAY: Okay. Yeah, I think so. 13 I mean, it's 12:30 now. So maybe -- I don't 14 know how long you think it's going to take. 15 Maybe 1 o'clock? 16 MR. BURDEN: I think so, yeah. That sounds 17 right. 18 MR. MAY: Okay. 19 BY MR. BURDEN: 20 Q Okay. Mr. Ruth, I want to hand you what 21 I've marked as Exhibit 93. 22 MR. MAY: The last one was 94. 23 MR. BURDEN: I know. Thank you, though. 24 MR. MAY: I just want to make sure I get	Page 117 1 2017 Results, and the email indicates it has an 2 attachment titled April 2017 Results. Do you see 3 that? 4 A I see that, yes. 5 MR. MAY: Just for the record, I think 6 you said it was sent to other brokers at Long 7 Leaf. It actually lists the three that it 8 was sent to. I just want to make sure the 9 record's clear that it's not the "all brokers 10 at Long Leaf" kind of one that was in an 11 email address before. 12 MR. BURDEN: I think the record will 13 probably reflect through the inclusion of the 14 exhibits -- 15 MR. MAY: Okay. 16 MR. BURDEN: -- that Exhibit 94 17 was sent to Mr. Prieto, Mr. Leeney and 18 Mr. Halteh. 19 Q All right. Mr. Ruth, if you would, 20 look at the attachment to the email, please, which 21 is the second page of CFTC Exhibit 93. 22 A Yes. 23 Q Is this a chart that you put together? 24 A Possibly.
Page 118 1 it down correctly on my sheet. 2 BY MR. BURDEN: 3 Q All right. So, once again, please 4 review it, indicate to me when you've reviewed 5 it to your satisfaction and we'll get started. 6 MR. MAY: Ready? 7 THE WITNESS: (Nodding). 8 MR. MAY: You're shaking your head yes. 9 So that's not going to come -- 10 THE WITNESS: Yes. 11 BY MR. BURDEN: 12 Q There we go. Mr. Ruth, do you recognize 13 Exhibit 93? 14 A No. 15 Q All right. So jtruth, that's your email 16 address, right? 17 A Correct. 18 Q All right. And it looks like this email 19 was sent on May 9, 2017, is that right? 20 A That's what it says. 21 Q And it was sent to other brokers at 22 Long Leaf, is that right? 23 A That's what it says, yep. 24 Q All right. So the subject is April	Page 120 1 Q Why do you say that? 2 A Because I don't recall. 3 Q All right. So you'll see that there 4 are months listed. We see March '17. Do you see 5 that? 6 A Correct. 7 Q And then April '17, do you see that? 8 A Correct. 9 Q And then May '17, do you see that? 10 A It's blank, but yes. 11 Q Yes, all right. So March '17 it says 12 soymeal, soybeans, gold and cattle. Do you see 13 that? 14 A Correct. 15 Q Do you know what that refers to? 16 A I would assume the four trades during 17 the month of March. 18 Q And that net P&L we see down there, 19 what does that indicate to you? 20 A Again, I don't know if -- the accuracy 21 of the number but it's -- it would be the net result 22 of the net P&L of the four trades above. 23 Q And is that something that you calculated? 24 A Possibly.

<p style="text-align: right;">Page 121</p> <p>1 Q Do you remember calculating it?</p> <p>2 A No.</p> <p>3 Q So let's look at the April '17 column.</p> <p>4 We see crude oil, U.S. T-bonds, cocoa and Euro.</p> <p>5 Are those also contracts that were recommended to</p> <p>6 customers for Time Means Money?</p> <p>7 A I have absolutely no clue.</p> <p>8 Q Well, it says net P&amp;L at the bottom.</p> <p>9 Do you know what that means?</p> <p>10 A Yes.</p> <p>11 Q What does that mean, please.</p> <p>12 A The net profit and loss.</p> <p>13 Q All right. And what is the net profit</p> <p>14 and loss here for customers who entered into one</p> <p>15 trade?</p> <p>16 A I don't know if that is the net</p> <p>17 profit and loss for customers, so I can't answer</p> <p>18 that question.</p> <p>19 Q All right. Well, you see at the</p> <p>20 top it says -- we've got the date and then we have</p> <p>21 numbers 1 through 13, right? Do you see that?</p> <p>22 Right?</p> <p>23 A Correct.</p> <p>24 Q All right. So we've seen substantially</p>	<p style="text-align: right;">Page 123</p> <p>1 net collection, gross risk, net risk, clearing</p> <p>2 per side out, fees per side out, commissions out,</p> <p>3 total fees out, premium realization, futures P&amp;L,</p> <p>4 P&amp;L per contract and P&amp;L per 3 contracts. So that's</p> <p>5 one table. Then this table --</p> <p>6 Q Yeah. So let's --</p> <p>7 A -- has none of that information.</p> <p>8 So it's significantly different.</p> <p>9 Q All right. I see what you're saying.</p> <p>10 I was focused on the P&amp;L. Let's just get back to</p> <p>11 93, if we could, please. So your testimony is that</p> <p>12 you don't recall putting this chart together?</p> <p>13 A Correct.</p> <p>14 Q Do you recall sending this chart?</p> <p>15 Did maybe somebody else put it together for you</p> <p>16 and you distributed --</p> <p>17 A I'm not saying that somebody put</p> <p>18 it together. I just don't recall putting together</p> <p>19 the chart.</p> <p>20 Q Right. Do you recall sending this chart</p> <p>21 to people?</p> <p>22 A No.</p> <p>23 Q Do you recall reviewing the chart?</p> <p>24 A No.</p>
<p style="text-align: right;">Page 122</p> <p>1 this same format in Exhibits 94 and 121, the last</p> <p>2 couple exhibits we looked at, is that right?</p> <p>3 A What are you asking?</p> <p>4 Q Well, this looks like the same format</p> <p>5 as the other charts we've been looking at. Do you</p> <p>6 agree with that statement or do you disagree with</p> <p>7 that statement?</p> <p>8 A Disagree, disagree.</p> <p>9 Q All right. So why is this statement</p> <p>10 in -- or the table in Exhibit 94 different than the</p> <p>11 other ones that we were looking at?</p> <p>12 A I couldn't tell you.</p> <p>13 Q But you just did. You just said it was</p> <p>14 different. So I'm asking you how is it different,</p> <p>15 please.</p> <p>16 MS. STREIT: This is 93.</p> <p>17 A They're two different -- I mean, they're</p> <p>18 significantly different.</p> <p>19 BY MR. BURDEN:</p> <p>20 Q What's different about them, please.</p> <p>21 A Well, 94 lists the asset name, the month,</p> <p>22 the expiration date, the clearing per side in, fees</p> <p>23 per side out, commissions in, total fees in, point</p> <p>24 collection, point multiplier, premium collection,</p>	<p style="text-align: right;">Page 124</p> <p>1 Q Okay. Let's put this one aside, if we</p> <p>2 could, please.</p> <p>3 A (Witness complies).</p> <p>4 (Whereupon CFTC Exhibit No. 122 was</p> <p>5 marked for identification, MM.)</p> <p>6 Q Mr. Ruth, I want to hand you what I've</p> <p>7 marked as CFTC Exhibit 122. So, once again, please</p> <p>8 review it to your satisfaction and indicate to me</p> <p>9 when you're done and I'll ask you questions about</p> <p>10 it.</p> <p>11 MR. MAY: Ready?</p> <p>12 A Oh, yeah, yes.</p> <p>13 BY MR. BURDEN:</p> <p>14 Q All right. Mr. Ruth, do you recognize</p> <p>15 Exhibit 122?</p> <p>16 A No.</p> <p>17 Q All right. You see this is from</p> <p>18 jruth@longleaftrading.com. That was your email</p> <p>19 address, right?</p> <p>20 A Correct.</p> <p>21 Q So it was sent July 25, 2017. You</p> <p>22 were working at Long Leaf at that point, right?</p> <p>23 A Correct.</p> <p>24 Q All right. And it was sent to</p>

<p style="text-align: right;">Page 125</p> <p>1 Tim Evans and he was your boss at Long Leaf, 2 correct? 3 A Correct. 4 Q And the subject is Harish Patel. Do you 5 see that? 6 A Correct. 7 Q Who is Harish Patel, please. 8 A He was a customer of mine. 9 Q All right. So if we look at the 10 top, it says started with \$25,707.32, it says 11 ended with \$9,249.72. And then in bold it says 12 total loss \$16,457.60 and then it says total 13 commissions \$29,820. Am I reading that right? 14 A Yes. 15 Q All right. So is this an email that 16 you sent? 17 A I don't recall. 18 Q Do you remember -- well, I guess if 19 you don't remember sending it, you don't remember 20 why you sent it. 21 A Harish Patel would refuse to talk to 22 me and wanted to talk to Tim Evans, so Tim Evans 23 had to step in. I think he may have filed an NFA 24 complaint. I don't know. I don't have a complaint</p>	<p style="text-align: right;">Page 127</p> <p>1 that nature. So I probably pulled that information 2 from there, but I don't know if that's actual -- 3 how that's calculated. 4 Q Got it. So did you perform an analysis 5 like this with respect to any other clients' profits 6 or losses? 7 A No. I think this was just specific 8 to the situation because I was handing it off to 9 somebody else. 10 Q Got it. 11 A But to go back, how do you generate 12 \$29,000 in commissions if you're not making any 13 money for the client when they only put in 25,000? 14 Q I don't know, and I can't answer 15 questions anyway. You can put that one aside, 16 if you could, please. 17 A (Witness complies). 18 (Whereupon CFTC Exhibit No. 123 was 19 marked for identification, MM.) 20 Q All right. Mr. Ruth, I want to hand 21 you what I've marked as CFTC Exhibit 123. Please 22 review it to your satisfaction and indicate to me 23 when you've finished. 24 THE WITNESS: I'm ready when you are.</p>
<p style="text-align: right;">Page 126</p> <p>1 on my record and he was my customer. So I don't 2 know exactly what happened, but I believe -- and 3 I might be speculating here -- but Tim probably 4 asked me for like give me the information on his 5 account so I have information to like talk to him 6 with. 7 Q Got it. So how were you able to 8 figure this out, if you recall, what the total 9 loss, total commissions and started and ended? 10 How did you figure all that stuff out? 11 A So I went to his first statement and 12 I looked and seen how much money he deposited. 13 I looked at his last statement, which he didn't 14 have any open positions. So his net liquidating 15 value would be his current value, you know. It's 16 flat. And I subtracted that number from what he 17 started with and I ended up with total loss. And 18 then total commissions, I probably went to that 19 account sequence document that we talked about 20 earlier. 21 Q And that totals up commissions, right? 22 A Again, that one I don't think 23 is accurate either because I'm not sure if it 24 reflects like commission credits or anything of</p>	<p style="text-align: right;">Page 128</p> <p>1 MR. MAY: Give me a second. Okay. 2 BY MR. BURDEN: 3 Q All right. Mr. Ruth, do you recognize 4 CFTC Exhibit 123? 5 A No. 6 Q All right. So it's an email, is what 7 it appears to be, and it appears to be sent from 8 jtruth@longleaftrading. That's your email address, 9 right? 10 A Correct. 11 Q All right. And it's from -- 12 MR. MAY: Did you say is or was? 13 MR. BURDEN: Was. 14 MR. MAY: Okay. I thought you said is. 15 MR. BURDEN: I might have. 16 Q This was your email address, correct? 17 A Yes. 18 Q All right. So the date that it appears 19 to have been sent is July 20, 2017, right? 20 A Correct. 21 Q And you worked there during that time? 22 A Yes. 23 Q And it was to Mr. Evans, who was your 24 boss at Long Leaf Trading, correct?</p>

<p style="text-align: right;">Page 129</p> <p>1 A Correct.</p> <p>2 Q And the subject there is Emailing: TMM 3 2017 Win-Loss. Do you see that?</p> <p>4 A Yeah.</p> <p>5 Q And then there's an attachment and 6 that's a spreadsheet, and that spreadsheet is titled 7 in the face of the email --</p> <p>8 A Yeah.</p> <p>9 Q -- TMM 2017 --</p> <p>10 MR. MAY: Wait. You can't answer 11 his question until he's done asking it.</p> <p>12 MR. BURDEN: Thanks.</p> <p>13 MR. MAY: Sorry.</p> <p>14 MR. BURDEN: That's all right.</p> <p>15 Q So TMM 2017 Win-Loss and it's a 16 spreadsheet. Do you see that?</p> <p>17 A Yes.</p> <p>18 Q All right. So is this an email that 19 you sent to Mr. Evans?</p> <p>20 A It appears so.</p> <p>21 Q Is it an email that you remember sending?</p> <p>22 A No.</p> <p>23 Q All right. So let's turn the page, 24 if we could, please. Do you see this table?</p>	<p style="text-align: right;">Page 131</p> <p>1 A Yeah, but I don't know if -- I don't 2 know. I don't know if it's a good analysis or 3 whatever. But essentially, yeah, he was trying 4 to figure out do we win more than we lose.</p> <p>5 Q All right. And what's the result of that 6 analysis that we see here?</p> <p>7 A It looks like we're 50/50, but yeah. 8 But it doesn't -- I mean, that's the thing. It's 9 incomplete information because you could lose 10 \$5 million on sugar and win a dollar on crude oil 11 but you're still an overall loser. So it doesn't 12 really -- I don't think this is -- I don't think 13 this was helpful at all.</p> <p>14 Q Got it. No, no, and you answered my 15 next question before I asked it. Did you talk to 16 Mr. Evans about this analysis we see in Exhibit 123?</p> <p>17 A I don't recall specifically. I mean, 18 I don't recall.</p> <p>19 Q Well, do you have any general recollection 20 of discussions with Mr. Evans?</p> <p>21 A I would assume that I handed it to 22 him and then -- or it looks like I emailed it 23 to him and I probably said did you get my email. 24 That's about it.</p>
<p style="text-align: right;">Page 130</p> <p>1 A Yes.</p> <p>2 Q Is this a table that you generated?</p> <p>3 A I don't recall specifically.</p> <p>4 Q All right. Do you have any knowledge 5 or understanding of -- and you'll have to forgive 6 my vague question -- what's going on here?</p> <p>7 A Yeah, this has nothing to do with 8 like account performance. I think Tim Evans, 9 if I recall, at the time Tim Evans I think was 10 trying to contemplate whether or not doing like 11 a CTA. And I think this is just like minus 12 commissions, fees or whatever did the trade win 13 or lose because he was going to do like a -- set 14 up a CTA like in a fee-free environment. So what 15 would it, like, look like in the event that that 16 happened. And I gave him basic information whether 17 or not a trade won or lost, meaning did it make 18 a dollar or lose a dollar, but that has nothing 19 to do with -- or like aided anything of knowing 20 about account performance. I think it was for 21 that purpose.</p> <p>22 Q Got it. So Mr. Evans wanted to 23 explore the idea of setting up a CTA and he asked 24 you to put this analysis together?</p>	<p style="text-align: right;">Page 132</p> <p>1 Q Well, do you recall any other discussions 2 you had with Mr. Evans about it? Like did Mr. Evans 3 say, you know, oh, great work, thanks or did he have 4 questions or did he not like it?</p> <p>5 A I don't recall.</p> <p>6 Q All right. So let's put this one aside, 7 if we could, please.</p> <p>8 A (Witness complies).</p> <p>9 Q And I want to show you what's been 10 marked as CFTC Exhibit 95. And, again, please 11 take a look at it and indicate to me when you've 12 looked at it.</p> <p>13 MR. MAY: Ready.</p> <p>14 BY MR. BURDEN:</p> <p>15 Q All right. Mr. Ruth, do you recognize 16 CFTC Exhibit 95?</p> <p>17 A Nope.</p> <p>18 Q All right. This email is sent from your 19 email address, correct?</p> <p>20 A Was my email address, yes.</p> <p>21 Q Was your email address. And it's 22 sent in August of 2017. And at that time you were 23 working for Long Leaf, right?</p> <p>24 A Correct.</p>

<p>1 Q And you're sending it -- or it purports 2 to be sent by you to James Leeney, is that correct? 3 A Correct. 4 Q And he's a broker at Long Leaf Trading, 5 correct? 6 A Correct. 7 Q All right. So the subject is Copy of 8 Time Means Money 2017 Win-Loss. Do you see that? 9 A Correct. 10 Q And the email bears an attachment with 11 the same file name. Do you see that? 12 A Correct. 13 Q All right. Turn the page, if you would, 14 please. Do you know what this is? 15 A Yeah. Me and James Leeney were 16 plotting to leave Long Leaf Trading Group, and 17 this is the same document as before I think with 18 an extra month on it. And it's how are we losing 19 money if we're not -- basically it was more of like 20 sell me on how you're going to design this strategy 21 when we go off on our own where if we're hitting 22 these numbers, that our clients are profitable. 23 Q Got it. So you sent this to Mr. Leeney 24 so you could see what was going on and improve upon</p>	<p>Page 133</p> <p>1 Q Have you had discussions with 2 Mr. Leeney about joining your GIB if you can 3 get that started? 4 A No. 5 Q So did you make any conclusions? 6 I think your testimony is that you were looking 7 for ways to sort of do better for customers, 8 is that right? 9 A Well, it was more specific about our 10 operation, like how -- you know, just we were 11 talking about he was going to be in charge of 12 trading. So I wanted to figure out how we can, 13 you know, I mean, what we do all day is try to 14 improve results for clients. 15 Q So what conclusions did you reach 16 as to how you could improve results for clients? 17 A From this? 18 Q Sure. 19 A I mean, if I were designing trades, 20 which I never did, like I just said, the -- we've 21 got to make sure that these losers don't wipe out 22 all the winners. 23 Q And how did you determine or how 24 did you -- what ways did you identify to sort of</p>
<p>1 it when you went on your own? 2 A Correct. 3 Q All right. So did you have any 4 discussions with Mr. Leeney about this? 5 A Just, I mean, like, you know, 6 we need to decrease the amount of risk that 7 we're taking on the trades so that these losers 8 aren't -- I mean, as you can see, 50 percent is 9 pretty good, 75 percent is excellent. So how can 10 we -- if we -- it's, you know, there's a trend that 11 we win 50 percent of the time, how can we still be 12 profitable for our clients and win 50 percent of 13 the time. 14 Q All right. And when did you have this 15 discussion with Mr. Leeney? 16 A I mean, my desire to leave Long 17 Leaf Trading Group occurred either in like June 18 or July, and me and him started like plotting on 19 making the move. 20 Q Did Mr. Leeney ultimately agree to make 21 that move with you? 22 A Yeah. 23 Q And you guys both left for Postrock? 24 A Correct.</p>	<p>Page 134</p> <p>1 make that happen? 2 A I mean, the amount of risk that was -- 3 like if it was a full loss, I mean, going back 4 to like Exhibit let's say 94, you can't have like 5 \$1,000 losses, \$900 losses. So I wanted to make 6 sure that number's smaller. 7 Q Got it. So the table on Exhibit 50, 8 it appears to go back from January 2017 through 9 August of 2017, is that right? 10 MR. MAY: I think you said Exhibit 50, 11 but it's Exhibit 95 I think you're looking at. 12 BY MR. BURDEN: 13 Q Wait, Exhibit 95. Let's look at 14 Exhibit 95. 15 A Yeah. I mean, again, this isn't for -- 16 I think, I mean, if you're going down the path of 17 this is like -- 18 MR. MAY: Well, let him ask the question. 19 That way you know what you're answering. 20 BY MR. BURDEN: 21 Q Yeah. So Exhibit 95 here, this shows 22 winning and losing trades from January through 23 August of 2017, is that right? 24 A I can't answer that question. I don't</p>

<p>1 know.</p> <p>2 Q Well, do you recall what this was supposed 3 to tell people?</p> <p>4 A It's not supposed to tell. It's just 5 for me and Jamie that, hey, where we're at right 6 now, we're not that far off. There's some tweaks 7 that we need to make in order to increase account 8 performance. That's basically I think the premise 9 behind this.</p> <p>10 Q Okay. I don't mean to ask a question --</p> <p>11 A Like that's what I'm trying to say.</p> <p>12 Q Yeah.</p> <p>13 A Like if I can provide a narrative, 14 I'd like to say that this isn't me knowing that 15 the accounts were not performing well or anything 16 of that nature. This is me just analyzing like, 17 you know, can we do this and like, if so, how are 18 we going to do this for another operation that me 19 and him were planning on.</p> <p>20 Q Got it. So looking again at Exhibit 95, 21 the one you've got in front of you, how did you 22 determine, for example, for January that 50 percent 23 were winners or for February that 50 percent were 24 winners?</p>	<p>Page 137</p> <p>1 statements, customer account statements to determine 2 whether a trade was in the red or in the black?</p> <p>3 A I mean, I probably didn't just pick 4 them out of a hat and guess, but I don't recall 5 specifically how I came to that information.</p> <p>6 Q All right. So I've been asking you 7 questions and showing you exhibits sort of designed 8 to gauge your knowledge and understanding of trading 9 results at Long Leaf. You picked up on that, right?</p> <p>10 A Yes.</p> <p>11 Q Yeah, that's the point of this line 12 of questioning. So did Mr. Evans ever tell you 13 how customers were doing?</p> <p>14 A No. I mean, it was kind of like an 15 unwritten rule, like don't talk about it because, 16 you know, you've got to manage people's emotional 17 states so ...</p> <p>18 Q When you say unwritten rule, like whose 19 rule was it?</p> <p>20 A Like let me give you an example. 21 Let's say you're a quarterback of a football team 22 and you just threw an interception. You don't go 23 up to the quarterback and say so how about that 24 last play. Like the guy is going to be very upset,</p>
<p>1 A I don't specifically recall, but 2 maybe -- I don't know if you want to call it 3 speculating, but I think it just had to be like 4 one cent in the black or one cent in the red to 5 be considered a winner or loser.</p> <p>6 Q But how do you know, like what do you 7 look at to determine if a trade is in the red or 8 in the black?</p> <p>9 A I can't tell from this information, 10 but I don't know if that was net commissions and 11 fees or if it was inclusive of them or anything of 12 that nature, but maybe it was just the idea itself. 13 I don't know.</p> <p>14 Q Well, did you --</p> <p>15 A I would assume that this, since it's 16 similar to the one that I sent to Tim Evans, I 17 think, if I recall correctly, that was not including 18 commissions and fees or maybe it was including 19 fees but not commissions because he was trying 20 to simulate a fee-free environment. And this 21 looks like this is the same result, so I would 22 assume that it doesn't account for commissions 23 as well.</p> <p>24 Q Got it. Did you review account</p>	<p>Page 138</p> <p>1 angry, things of that nature. Like you're step -- 2 you know, you're kicking somebody while they're 3 down. Like they're not happy that they threw an 4 interception or they lost a trade or whatever. 5 So you don't really -- you don't talk about that 6 kind of stuff.</p> <p>7 Q But what I'm asking is did Mr. Evans 8 tell you how the trades were doing? Like did 9 Mr. Evans say our trades this month made this much 10 money or lost this much money?</p> <p>11 MR. MAY: So did Mr. Evans recap the 12 trades, is that --</p> <p>13 MR. BURDEN: Sure.</p> <p>14 A I mean, I don't recall specifically. 15 I would assume part of the reason why I'm making 16 these charts is because I don't have that 17 information so ...</p> <p>18 Q Is that why you were making the charts?</p> <p>19 A Probably at those times, yeah.</p> <p>20 Q Did you ever ask Mr. Evans for P&amp;L numbers 21 for trades or for customers?</p> <p>22 A I mean, I would assume at some 23 point, yeah. But then I think it turned into 24 like go figure it out on your own, and that's</p>

<p>1 when I learned -- that's when I actually learned 2 how to read a statement. 3 Q So let me drill down on that. Do you 4 recall the first instance where you asked Mr. Evans 5 how the customers were doing? 6 A No. 7 Q Did you ever ask Mr. Evans how are 8 the customers doing or anything to that effect? 9 A I mean, he would -- I don't know. Like, 10 I mean, I would have to report to them what was 11 going on. So I don't know exactly how and when and 12 what periods of time I obtained that information. 13 But if we did well, I would tell somebody we did 14 well and if we did poorly, I would tell somebody 15 we did poorly. 16 Q All right. What I'm asking about, 17 though, is what Mr. Evans told you, right? Like 18 every month Long Leaf Trading would recommend four 19 trades to customers, right? 20 A Yeah. 21 Q So at the end of every month did 22 Mr. Evans say or otherwise communicate to you this 23 is how the trades did? 24 A Yeah. But that's the thing, is like</p>	<p>Page 141</p> <p>1 MR. MAY: What exhibit are you pointing 2 at? 3 THE WITNESS: Sorry, Exhibit 122. 4 BY MR. BURDEN: 5 Q Yeah. So, Mr. Ruth, what I want to 6 try to figure out is what did Mr. Evans tell you 7 about the profitability of the recommended trades, 8 if anything, if you remember? 9 A I mean, he wasn't like deceitful of them 10 but -- 11 Q Well, let me ask you this. Did Mr. Evans 12 tell you every month how the recommended trades 13 wound up doing? 14 A Yes, but it's like a ballpark -- 15 Q Got it. 16 A -- very vague situation. So sometimes 17 I don't like that answer, so I would go out and then 18 I would go to the statements and come down to the 19 specific penny. 20 Q So every month Mr. Evans would provide 21 you with how the recommendations did from the month 22 before, but it was sort of round numbers, is that 23 right? 24 A I can't say every month, but yeah.</p>
<p>Page 142</p> <p>1 I don't want to say I'm a black-and-white person 2 but I'm like a -- as you can tell, I like dollars 3 and cents. He would be, oh, about 500. So I 4 wouldn't get like a specific number, and so I always 5 felt like invaluable or unintelligent talking to a 6 customer when I'm not -- like you're giving them 7 like round numbers and stuff. It just sounds odd 8 to me. So -- 9 Q How -- sorry, keep going. I didn't mean 10 to cut you off. 11 A Yeah, it sounds odd to me. But I think -- 12 I don't know what you're getting at, but it's not 13 like I sat here and knowingly knew that our clients 14 were losing money month after month and I didn't 15 care. 16 Q Well, did you think they were making 17 money month after month? 18 A I think they were making money at 19 times, yeah. That's the thing is, again, going 20 back to my mentality, is we live like month to 21 month. So, you know, somebody can't generate 22 \$30,000 in commissions when they only started 23 with 25,000. So in my opinion they had to be 24 making money at some point.</p>	<p>Page 144</p> <p>1 Like where I gathered the information, the idea 2 of are we having a winning month or a losing month 3 started from Tim Evans. 4 Q There we go. So what did Mr. Evans say 5 to you? 6 A Either we have a profitable month, 7 you know, or a bad month. 8 Q And would he do this every month on 9 a regular basis so you knew? 10 A Yeah, yeah. 11 Q Okay. So every month -- 12 A I mean, you would have -- you can't 13 just pick up the phone and call somebody and not 14 have that information so ... 15 Q Right. So every month Mr. Evans would 16 tell you how customers had done with the last set 17 of recommendations? 18 A In the sense of whether it was a 19 positive month, which means one cent more, or if 20 it was a negative month, which meant one cent less. 21 Q So your testimony is that Mr. Evans 22 would tell you if customers made money or lost 23 money but not how much? 24 A Correct.</p>

<p style="text-align: right;">Page 145</p> <p>1 Q Did you ever ask him --</p> <p>2 A Sometimes, sometimes he could say it</p> <p>3 but like it wasn't like regular, you know, policy</p> <p>4 or anything.</p> <p>5 Q Did you ever ask him how much money</p> <p>6 did they make or how much money did they lose?</p> <p>7 A Yeah. But, I mean, I wouldn't get an</p> <p>8 answer necessarily that satisfied me.</p> <p>9 Q What kind of answer would he give that</p> <p>10 didn't satisfy you?</p> <p>11 A Anything that doesn't have anything</p> <p>12 to the specific penny.</p> <p>13 Q All right. I mean, do you feel</p> <p>14 like Mr. Evans didn't want to tell you, like --</p> <p>15 A No, no. It's just that like he's not</p> <p>16 an attention-to-detail guy.</p> <p>17 Q All right. So and this forced you to</p> <p>18 go out and figure out --</p> <p>19 A Maybe it was his play of like getting</p> <p>20 me to learn on my own and learn the statements so</p> <p>21 I didn't have to ask. I don't know. Maybe that was</p> <p>22 like his style of teaching. I don't know exactly</p> <p>23 what his intentions are, but yeah. I mean, you</p> <p>24 guys have seen my emails. I think I'm more of</p>	<p style="text-align: right;">Page 147</p> <p>1 month. And why did we do well, because Tim Evans</p> <p>2 told me we did well. How well did we do? I think</p> <p>3 we made about \$300, and that's what I would tell</p> <p>4 them.</p> <p>5 Q Okay.</p> <p>6 A And then as I matured and became</p> <p>7 more knowledgeable, I think at the end I got down</p> <p>8 to the penny and I like prided myself on that.</p> <p>9 Q And that was something you were able to</p> <p>10 figure out yourself from the statements, correct?</p> <p>11 A Yeah. But, I mean, obviously I'm telling</p> <p>12 them like, you know, your account statement's the</p> <p>13 official record. I can make mistakes but I think,</p> <p>14 to the best of my knowledge, that this is the actual</p> <p>15 number.</p> <p>16 Q So did you tell your customers, you</p> <p>17 know, regularly whether they had made money or lost</p> <p>18 money on trades and how much?</p> <p>19 A I don't -- I mean, I don't recall</p> <p>20 exactly the frequency in which I did it and whether</p> <p>21 or not it was standard to everyone. But, I mean,</p> <p>22 I tried to have -- I tried to treat everybody,</p> <p>23 deal with everybody the same way so that you</p> <p>24 don't miss anything.</p>
<p style="text-align: right;">Page 146</p> <p>1 an attention guy than he is. So he's very vague.</p> <p>2 I mean --</p> <p>3 MR. MAY: We're almost to 1 o'clock.</p> <p>4 I don't know if you have any more exhibits.</p> <p>5 MR. BURDEN: It sounds like Mr. Ruth</p> <p>6 was saying something.</p> <p>7 Q But if you want to finish your thought,</p> <p>8 we can break for lunch.</p> <p>9 A I mean, just from like a customer</p> <p>10 satisfaction standpoint, I think that my customers</p> <p>11 appreciated hearing \$536.97 instead of about \$600,</p> <p>12 you know. So I -- I don't know. I guess I take</p> <p>13 my job more seriously or I, you know, wouldn't</p> <p>14 appreciate that if I was a customer. So that's</p> <p>15 why I would do it.</p> <p>16 Q Did you call your customers and tell</p> <p>17 them how the trade recommendations had turned out?</p> <p>18 A I mean, I was constantly talking to my</p> <p>19 customers. So, yeah, that's part of the process.</p> <p>20 Q So how did you know then what that number</p> <p>21 was to tell them?</p> <p>22 A Well, first, it depended like throughout</p> <p>23 my career at Long Leaf evolved. So in the beginning</p> <p>24 I started off with like, all right, we did well this</p>	<p style="text-align: right;">Page 148</p> <p>1 Q So your practice at Long Leaf Trading</p> <p>2 as a general matter would be to communicate with</p> <p>3 clients and tell them whether they had made or lost</p> <p>4 money, correct?</p> <p>5 A On the individual month --</p> <p>6 Q Got it.</p> <p>7 A -- the specific trades that I have</p> <p>8 information on, correct. Now, if a trade went</p> <p>9 into the next month, I don't have that information.</p> <p>10 So I would either speculate as to where I think it</p> <p>11 could go or I would say here's where it's at now,</p> <p>12 you know. Either we're going to lose everything</p> <p>13 or if it stays there, we're going to make it,</p> <p>14 whatever. But I would give the information going</p> <p>15 back to the realized P&amp;L that I had or if it</p> <p>16 happened that day, I would say it expired worthless,</p> <p>17 so maybe I'm off by like 20, 30 bucks. I don't know</p> <p>18 until I see the clearing fees on the statement the</p> <p>19 next day or two.</p> <p>20 Q So was it your practice to tell clients</p> <p>21 how they were doing at the end of every month? Like</p> <p>22 when do you do this call?</p> <p>23 A Yeah. I mean, I think it's -- yeah,</p> <p>24 I think it's important. I think that was the</p>

<p>1 whole purpose of the program is is that in a      2 managed situation the only time you know about      3 account performance is when you look at your      4 account statement and not -- people don't      5 necessarily do that regularly. And I don't want      6 them to go, oh, shit, what happened, you know,      7 when they could have stopped it five months ago.      8 So yeah, I mean, that's kind of the premise behind      9 it. But, I mean, some clients, like they like to      10 be treated differently or whatever. So I'm not      11 going to say under oath that every single time I      12 did it this exact same way to every single person.      13 Like everybody -- that was the whole purpose of it,      14 was we'd customize the way in which we interacted      15 with you.</p> <p>16 Q Got it. So how could you -- one      17 more and then we ought to do our lunch. So how      18 did you know how customers were doing? Was it just      19 from looking at the statements?</p> <p>20 A When you say "were doing," to me      21 that makes it sound how are you doing overall.</p> <p>22 Q No, no. Let's make it month to month.      23 I'm not trying to get you to say something you don't      24 want to say.</p>	<p>Page 149</p> <p>1 break even, and then I actually did the math and      2 we lost like 40 or something. So it was because      3 of the fact that he was ballparking it that --      4 and it was so close to the line of made money or      5 didn't make money, like I can recall where that      6 wasn't the case or whatnot. But, no, I don't think      7 he would be -- he wouldn't tell us that we made      8 money and not --</p> <p>9 Q Got it. So Mr. Evans didn't misrepresent      10 customer results to you?</p> <p>11 A I mean, you could make -- I mean,      12 a blanket statement like that, you could say      13 that he did because of the fact that he didn't give      14 me accurate numbers. He gave me ballpark numbers.</p> <p>15 Q Got it. So it sounds like your      16 testimony is that Mr. Evans accurately told you      17 whether trades had won or lost, save it sounds like      18 for one occasion where a position hadn't been closed      19 out yet?</p> <p>20 A Well, and the other thing you've got to      21 consider too is sometimes those four trades don't      22 close in that month, right? So if somebody were to      23 say how did we do this month and I have two of the      24 trades that closed, even though I know the other</p>
<p>1 A Yeah, I only live month to month in this      2 situation.</p> <p>3 Q So, yeah.</p> <p>4 A I don't think about what happened      5 before it. I don't think about what's happening.      6 I only live in that one month. That's all I --</p> <p>7 Q Got it.</p> <p>8 A -- worry about. So if you were to say      9 is this client making money, I would say, well, are      10 our trades making -- yes, then this client's making      11 money.</p> <p>12 Q But how would you figure that out?</p> <p>13 A It would start off from Tim Evans      14 saying we're either making money or losing money.      15 And then as my career evolved, it got down to me      16 being able to know how to utilize the statement      17 to be able to figure that information out to the      18 specific penny.</p> <p>19 Q Did Mr. Evans ever tell you that      20 customers were making money and you found out they      21 weren't?</p> <p>22 A I think like one time I calculated it      23 where he said that like we're going to make like a      24 hundred bucks this month or something or basically</p>	<p>Page 150</p> <p>1 two are losers, well, technically this month      2 we did what we did and let's say those two were      3 winners. So then that person says, well, oh, okay.      4 Well, all right. Well, let's do the next four      5 trades. And then those two, you know, let's say      6 they're currencies. So it's like the first week      7 into next month they come and they're both losers      8 and they get walloped. And then, you know, the next      9 time you talk to them it's a little bit different.      10 So, you know, those results can change if they're      11 not realized. And so at the time, you know, that      12 you communicate with them you're trying to give      13 them as much information as possible to know where      14 they could end up and get them to understand that      15 these are unrealized, you know. They're where      16 we need them to be right now. They could change.      17 Best case scenario you're looking at this, worst      18 case scenario we're looking at that, you know.      19 We feel comfortable about it. That's why the      20 position's still open. If we didn't think it      21 was, you know, going to stay in that spot and      22 we bleed more time decay off the option then, you      23 know, why would we -- we wouldn't keep it open.      24 So -- but then there's times where, you know,</p>

<p style="text-align: right;">Page 153</p> <p>1 that all changes in those next couple weeks and      2 the realized P&amp;L becomes a significant loss and      3 then the whole month becomes a loss but you already      4 told them that it was a winner. And so then      5 they're like, well, you told me we were making      6 money. Well, I was, sir, but we were talking about      7 the realized ones. So that's where there could be      8 confusion on something of that nature and between      9 Tim Evans and clients.</p> <p>10 Q Got it.</p> <p>11 MR. BURDEN: Well, I'll tell you what.      12 I promised you guys a lunch and then I kept      13 going, so my apologies. Let's go off the      14 record, please.</p> <p>15 (Whereupon a lunch recess was taken      16 from 1:15 p.m., to 2:34 p.m., after      17 which the following proceedings were      18 had:)</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p style="text-align: right;">Page 155</p> <p>1 BY MR. BURDEN:      2 Q In one instance, is that right?      3 A That I recall, yes.      4 Q Got it. Are there any other instances      5 you recall where Mr. Evans told you something and      6 then you did some work and found out, you know,      7 it wasn't true?      8 A Not that I recall.      9 Q All right. And that instance      10 where you'd found Mr. Evans said something about      11 results that wasn't right to you, when was that      12 approximately, please.      13 A I don't recall.      14 Q All right.      15 A I can give you a year.      16 Q That would be great, yeah.      17 A 2017.      18 Q Mr. Ruth, did you receive regular --      19 you know, I keep saying regular. I'll just ask      20 you did you receive complaints from customers about      21 account performance while you were at Long Leaf?      22 A How do you define complaints?      23 Q Customers expressing displeasure about      24 poor account performance.</p>
<p style="text-align: right;">Page 154</p> <p>1 A F T E R N O O N S E S S I O N      2 JEREMY RUTH,      3 called as a witness herein, having been previously      4 sworn and examined, testified further as follows:      5 F U R T H E R E X A M I N A T I O N (Cont'd.)      6 BY MR. BURDEN:      7 Q All right. I want to follow up on      8 some testimony you gave before the break. You      9 testified that you were a dollars and cents guy,      10 is that right?      11 A In certain circumstances.      12 Q All right. And that you were detail      13 oriented, or at least more detail oriented than      14 Mr. Evans, is that right?      15 A In certain circumstances, yeah.      16 Q All right. So did Mr. Evans ever tell      17 you some trading results and you went and checked      18 and you felt like they were wrong?      19 MR. MAY: I think that's been asked      20 and answered, but you can go ahead and answer      21 it.      22 A I didn't check because I thought they      23 were wrong. I just was doing the calculations and      24 it turned out it was wrong.</p>	<p style="text-align: right;">Page 156</p> <p>1 A Yeah, all the -- frequently, yeah.      2 Q Okay. How frequently would you say?      3 A I don't know. I don't know if frequently's      4 the right word. But, yes, I did receive complaints      5 about account performance.      6 Q And did you receive those complaints sort      7 of consistently throughout your tenure?      8 A I don't know. No.      9 Q When did the complaints start?      10 A I mean, if I like were to say like      11 notable stuff, it would probably be in 2017.      12 Q Got it. Was that early 2017, late 2017?      13 A I don't know exactly.      14 Q I'm sorry?      15 A I don't know exactly.      16 (Whereupon CFTC Exhibit No. 124 was      17 marked for identification, MM.)      18 Q All right. Well, let me hand you what      19 I've marked CFTC Exhibit 124. And let me know when      20 you've looked at it, please.      21 MR. MAY: Okay.      22 BY MR. BURDEN:      23 Q All right. Mr. Ruth, do you recognize      24 Exhibit 124?</p>

<p style="text-align: right;">Page 157</p> <p>1 A No.      2 Q Do you know who Rob Mixer is?      3 A Yes.      4 Q Who's Rob Mixer, please.      5 A He was a customer of mine.      6 Q All right. So if you look at the bottom --      7 MR. MAY: Did you say is a customer or was?      8 THE WITNESS: Was.      9 MR. MAY: Okay.</p> <p>10 BY MR. BURDEN:</p> <p>11 Q All right. So if you look at the      12 bottom of Exhibit 124, it reflects an email sent      13 from Rob Mixer to you, is that correct?</p> <p>14 A Yes.</p> <p>15 Q All right. So Mr. Mixer writes,      16 and I'm looking at the middle paragraph here,      17 "I need to cut my losses. My account is down      18 33 percent when I look at my cash balance.      19 At this point I need a 50 percent return on current      20 capital just to get back to where we started a year      21 ago. Even if you met the targeted 20 percent return      22 per year that we initially discussed, it will be      23 two plus years to recover. Also, I have not had      24 a single account review and the initial agreement</p>	<p style="text-align: right;">Page 159</p> <p>1 Q All right.      2 A Did I?      3 Q I'm sorry?      4 A Do you know if I did?      5 Q I can't testify. I can't tell you.      6 A Right. I don't know.      7 Q So I think you testified that you      8 received complaints from customers. What did you      9 do with those complaints?</p> <p>10 A I gave them to Tim Evans.      11 Q And how did you give them to him?      12 A Either verbally, I'd print out the      13 email, show it to him, forward it to him. I don't      14 know. Many different ways.      15 Q So you didn't always forward it, right?      16 A Not -- my job is immediately when      17 a complaint comes in is to notify the compliance      18 officer.</p> <p>19 Q And that's Mr. Evans?</p> <p>20 A Yeah.</p> <p>21 Q And did you --      22 A How I do it, I don't -- it's not --      23 there's no specific policy, but it was my job to      24 bring it to the attention of the compliance officer.</p>
<p style="text-align: right;">Page 158</p> <p>1 was at least quarterly reviews."</p> <p>2 So is what Mr. Mixer is writing      3 here, is that accurate? Was Mr. Mixer's account      4 down 33 percent at this point, August 2016?</p> <p>5 A I would assume not.</p> <p>6 Q Why do you think that?</p> <p>7 A Because he says something about cash      8 balance, and a cash balance doesn't reflect the      9 value of the account.</p> <p>10 Q Do you recall the balance or the value      11 of Mr. Mixer's account at that point?</p> <p>12 A Couldn't tell you.</p> <p>13 Q All right. So you write back, "Rob,      14 thanks for reaching out. I want to address this      15 immediately. What time are you available tomorrow      16 to take my call?" Did you write that?</p> <p>17 A It appears so.</p> <p>18 Q All right. Do you recall having      19 any discussion with Mr. Mixer about this email?</p> <p>20 A Do I recall the conversation?</p> <p>21 Q Yeah.</p> <p>22 A No.</p> <p>23 Q Do you remember if you had one or not?</p> <p>24 A Couldn't tell you.</p>	<p style="text-align: right;">Page 160</p> <p>1 Q And did you always do that?</p> <p>2 A Yes.</p> <p>3 Q All right. So how did Mr. Evans respond      4 to these complaints?</p> <p>5 A I mean, I don't necessarily recall.</p> <p>6 Q Do you know if Mr. Evans would call that      7 customer?</p> <p>8 A He would generally have us like brokers      9 do it.</p> <p>10 Q Got it.</p> <p>11 A Sometimes he would -- I mean, going      12 back to that Harish Patel guy, I mean, he did in      13 that situation.</p> <p>14 Q So as a general matter, would Mr. Evans      15 have you call customers that complained?</p> <p>16 A I think it depends on the nature of the      17 complaint.</p> <p>18 Q All right. Well, was there a policy?</p> <p>19 A Each -- no.</p> <p>20 Q Can you break it down?</p> <p>21 A I think each individual instance      22 is evaluated and a determined course of action      23 is taken.</p> <p>24 Q So how did you know what to say</p>

<p style="text-align: right;">Page 161</p> <p>1 to customers that were complaining or unhappy?      2 A I listened to Comcast recorded phone calls.      3 Q What do you mean by that? What's a Comcast      4 recorded phone call?      5 A Comcast is a company that is known      6 to have very poor customer service, and I would      7 listen to their phone calls and see how they would      8 interact with people.      9 Q Oh, so you mean you would listen      10 to calls that people had recorded with Comcast      11 customer service?      12 A Yes.      13 Q And where did you find these calls?      14 A YouTube.      15 Q And what did you learn from these calls?      16 Like --      17 A What not to say.      18 Q All right. Well, how did you know what      19 to say?      20 A I mean, I would state what I would know      21 to be factual if they asked me questions. Yeah,      22 I don't know. I mean, I don't recall specifically      23 what I said or if I even had a conversation with      24 Rob Mixer so ...</p>	<p style="text-align: right;">Page 163</p> <p>1 BY MR. BURDEN:      2 Q All right. Mr. Ruth, do you recognize      3 CFTC Exhibit 125?      4 A No.      5 Q All right. So jruth@longleaftrading.com      6 was your email address, correct?      7 A Yes.      8 Q All right. So who's Steve Beranek,      9 do you know?      10 A Steve Beranek was a customer of mine.      11 Q All right. So it looks like he's      12 sending you an email on October 29, 2016, and I'm      13 looking at the middle of Exhibit 125. Do you see      14 that?      15 A Yep.      16 Q All right. So Mr. Beranek writes,      17 "Your firm's business model is very impressive.      18 It looks like the commissions and fees for the      19 year will surpass my entire \$20K in investments, and      20 I have only lost about 20 percent of my investment.      21 At this rate in ten years my account balance will      22 be zero and your firm will have made 200K. Steve."      23 Do you remember receiving this email?      24 A Now that I see it, yeah.</p>
<p style="text-align: right;">Page 162</p> <p>1 Q Well, setting aside the specific      2 example of Rob Mixer, when you talked to customers      3 that had complained did Mr. Evans say, hey, you      4 know, say this or otherwise give you a script      5 or instructions?      6 A I mean, yeah. I mean, I think the      7 purpose of going to the compliance officer is so      8 he could tell you how we're going to deal with the      9 situation. I would assume at times he gave me like      10 guidelines or something of that nature, but I don't      11 recall specifically.      12 Q Got it. So there was no sort of      13 playbook on how to deal with a complaining customer.      14 It was --      15 A No.      16 (Whereupon CFTC Exhibit No. 125 was      17 marked for identification, MM.)      18 Q All right. I want to hand you      19 what I've marked as CFTC Exhibit 125. And, again,      20 please review it and when you've reviewed it to your      21 satisfaction, you can indicate that to me and we'll      22 talk about it.      23 MR. MAY: Okay.      24</p>	<p style="text-align: right;">Page 164</p> <p>1 Q Okay. So if you look at the next email      2 up, it looks like you forward this to Mr. Evans on      3 January 29, 2017, is that right?      4 A That's what it says, yep.      5 Q Do you remember doing that?      6 A I don't recall.      7 Q So what's written in the body of that      8 email is, "I just got a good laugh reading this      9 again." Did you write that?      10 A That's what it appears, that I did, yeah.      11 Q But do you remember writing it?      12 A No.      13 Q So, I'm sorry. I want to go back,      14 if I could, please, for one more quick question.      15 You can just pull it off the top of the pile, if you      16 would.      17 A Are we done with this one?      18 Q Yeah, you can put that one aside.      19 A I want to talk about this one now.      20 Q You do?      21 A I'm still getting a good laugh today.      22 Q Why? Tell me why.      23 A The guy's an RIA.      24 Q What does that mean?</p>

	Page 165		Page 167
1 A He's a -- what is it?		1 (Whereupon CFTC Exhibit No. 126 was	
2 MR. MAY: Can I suggest --		2 marked for identification, MM.)	
3 MR. BURDEN: No.		3 Q I want to hand you what I've marked	
4 Q Is it a registered investment advisor?		4 as CFTC Exhibit 126. Do you recognize this -- oh,	
5 A Yeah, that's it.		5 take a moment to review it, please, and then I'll	
6 MR. MAY: That's exactly what I was		6 ask you questions about it.	
7 going to say.		7 MR. MAY: Ready?	
8 MR. BURDEN: I knew you'd have the		8 THE WITNESS: Oh, yeah.	
9 right answer.		9 BY MR. BURDEN:	
10 A That's why I find it -- like he's		10 Q So, Mr. Ruth, do you recognize CFTC	
11 not complaining. I can't -- I don't know. He's		11 Exhibit 126?	
12 just -- I'm speculating here, but he's either being		12 A Nope.	
13 very sarcastic or he was actually complimenting,		13 Q All right. Do you know who Joe Hermanson	
14 I guess, the business model. I don't know.		14 is?	
15 Q Did you talk to Mr. Beranek about that		15 A I'm going to assume he's a client of mine.	
16 email?		16 Q Why do you think that?	
17 A No, never brought it up.		17 A Because he's addressing the email to	
18 Q Did Mr. Beranek continue to trade at Long		18 me and he has an account number in his -- on the	
19 Leaf Trading --		19 attachment.	
20 A I believe so.		20 Q All right. So in Exhibit 126 it	
21 Q -- after this email?		21 appears to reflect Mr. Hermanson writing to you	
22 A That's the other thing I find -- yeah,		22 in June of 2017. And he says, "Jeremy," and there's	
23 that's why I'm laughing.		23 some weird little symbol that I think is a glitch,	
24 Q Did he continue to lose money?		24 "The reality of all this is finally hitting me as	
	Page 166		Page 168
1 A I'm not -- I don't know.		1 you've managed to take 13K and turn it into 5K.	
2 Q All right. So if you could put that		2 I could have done that bad all by myself."	
3 one aside.		3 MR. MAY: Actually, I'm going to take	
4 A All right.		4 issue with some of -- I think you're making	
5 Q So I thought that one was funny too.		5 corrections for some of the errors that are	
6 A Yeah.		6 on the document.	
7 Q Let's take a look at 124, if we could,		7 MR. BURDEN: So is that an objection,	
8 please.		8 Mr. May?	
9 A Sure.		9 MR. MAY: It's an observation.	
10 Q Are you back on that?		10 MR. BURDEN: All right. I'm going to	
11 A Yeah.		11 continue then.	
12 Q There we go. All right. So I want		12 MR. MAY: Well, we're going to make	
13 to focus back in on this email from Rob Mixer		13 this part of the exhibit and part of the	
14 to jruth@longleaftrading.com. In this middle		14 record, yes?	
15 paragraph in the last sentence Mr. Mixer appears		15 MR. BURDEN: It is part of the record,	
16 to write, "Even if you met the targeted 20 percent		16 correct --	
17 return per year that we initially discussed, it		17 MR. MAY: Wonderful.	
18 will be two plus years to recover."		18 MR. BURDEN: -- though you will not	
19 Did you tell Mr. Mixer that he		19 have access to the record.	
20 could expect a return of 20 percent per year?		20 MR. MAY: Unless --	
21 A No.		21 MR. BURDEN: Litigation --	
22 Q You could put that one aside.		22 MR. MAY: Right.	
23 A All right.		23 MR. BURDEN: -- proceeds.	
24		24 MR. MAY: Okay. I knew the answer.	

<p style="text-align: right;">Page 169</p> <p>1 I just wanted him to hear that.</p> <p>2 BY MR. BURDEN:</p> <p>3 Q All right. So the email notes for</p> <p>4 Mr. Hermanson, "I also noted that of the last four</p> <p>5 positions you placed me in, I was not consulted.</p> <p>6 You just did it. That said, can you see that</p> <p>7 what is left here is sent back to Midland."</p> <p>8 Is Mr. Hermanson correct here that</p> <p>9 his account went from 13K to 5K?</p> <p>10 A No clue. I don't recall.</p> <p>11 Q All right. Did you follow up with</p> <p>12 Mr. Hermanson about this email?</p> <p>13 A I don't recall, but I would assume so</p> <p>14 because you have to close down an account so ...</p> <p>15 Q All right. Well, do you recall any</p> <p>16 subsequent discussions or emails with Mr. Hermanson?</p> <p>17 A No.</p> <p>18 Q All right. So Mr. Hermanson complains</p> <p>19 here that he was not consulted with respect to</p> <p>20 four positions that he writes that he was placed</p> <p>21 in. Do you know if that's correct? Was he put into</p> <p>22 positions that he didn't provide consent for?</p> <p>23 A I'm going to let you in on a little</p> <p>24 secret. Every single time somebody loses money</p>	<p style="text-align: right;">Page 171</p> <p>1 MR. MAY: Statement?</p> <p>2 THE WITNESS: Yeah.</p> <p>3 A So, no, he didn't go to 5K. He went to</p> <p>4 \$5,189.72.</p> <p>5 (Whereupon CFTC Exhibit No. 127 was</p> <p>6 marked for identification, MM.)</p> <p>7 Q All right. Mr. Ruth, I want to provide you</p> <p>8 with a document that I've marked CFTC Exhibit 127.</p> <p>9 Please look at it and tell me when you've looked at</p> <p>10 it. I'll ask you some questions about it.</p> <p>11 MR. MAY: Ready?</p> <p>12 THE WITNESS: Yes.</p> <p>13 BY MR. BURDEN:</p> <p>14 Q All right. Mr. Ruth, do you recognize the</p> <p>15 document marked as CFTC Exhibit 127?</p> <p>16 A No.</p> <p>17 Q All right. Do you know who Kurt Pfost is?</p> <p>18 A After reading the document, yes.</p> <p>19 Q Who is he?</p> <p>20 A He is an original customer of Long Leaf</p> <p>21 who then eventually became my customer, I believe.</p> <p>22 Q And when did Mr. Pfost become your</p> <p>23 customer, please.</p> <p>24 A According to the document, Monday,</p>
<p style="text-align: right;">Page 170</p> <p>1 and there's a broker involved they start saying</p> <p>2 and making up things. Every single time. I'm sure</p> <p>3 you've figured that out by now, right?</p> <p>4 Q I don't answer questions here.</p> <p>5 A No, of course I wouldn't do it, but</p> <p>6 I could see why you would think that. But in</p> <p>7 my experiences being a commodity broker, when it</p> <p>8 comes to the point where you're going to part ways</p> <p>9 it always starts off with you promised me a return</p> <p>10 of X amount of dollars, this, this and that, and</p> <p>11 they totally, you know, misconstrue everything</p> <p>12 that happened. So the answer is no, he wouldn't</p> <p>13 be consulted -- of course he's consulted, but yeah.</p> <p>14 Q Do you specifically remember consulting</p> <p>15 Mr. Hermanson about the positions for June, May,</p> <p>16 April and March of 2017?</p> <p>17 A I can't specifically recall.</p> <p>18 Q Would there be any written record</p> <p>19 of Mr. Hermanson providing his consent for those</p> <p>20 positions?</p> <p>21 A Can't -- I don't recall how it was done.</p> <p>22 Q You can put that one aside, if you would,</p> <p>23 please.</p> <p>24 A Oh, I didn't realize you provided the --</p>	<p style="text-align: right;">Page 172</p> <p>1 April 3, 2017.</p> <p>2 Q Why do you say that?</p> <p>3 A Because that's what the document says.</p> <p>4 Q So I'm afraid I didn't see that. Where</p> <p>5 are you seeing that, please.</p> <p>6 A On the third page effective today,</p> <p>7 Monday, April 3, 2017, I wish to rescind my letter</p> <p>8 of direction for futures trading. Let it be known</p> <p>9 I wish to move into a broker style assisted service</p> <p>10 and work with broker Jeremy Ruth of Long Leaf</p> <p>11 Trading Group, Incorporated. You didn't read that?</p> <p>12 It's right there.</p> <p>13 Q I see that. That's good. So this</p> <p>14 letter of direction, what did this give you the</p> <p>15 ability to do?</p> <p>16 A It isn't a letter of direction.</p> <p>17 It is the rescinding of a letter of direction</p> <p>18 that he had previously with a broker at the firm.</p> <p>19 Q I see. And was that with Mr. Evans or</p> <p>20 do you not know?</p> <p>21 A I don't -- it could be Mr. Evans or Tony</p> <p>22 Klancic or both.</p> <p>23 Q Let's put that one aside, please.</p> <p>24 A I never had any letter of direction</p>

1 accounts. 2 (Whereupon CFTC Exhibit No. 128 was 3 marked for identification, MM.) 4 Q All right. I want to hand you what 5 I've marked as CFTC Exhibit 128. Again, take 6 a look at it, please, and let me know when you've 7 looked at it. 8 MR. MAY: Ready. 9 THE WITNESS: One second. 10 BY MR. BURDEN: 11 Q Ready to go? 12 A Yeah. 13 Q So, Mr. Ruth, do you recognize CFTC 14 Exhibit 128? 15 A No. 16 Q Who's Shane Allen? 17 A Shane Allen was a customer of mine. 18 Q All right. Do you see in Exhibit 128 19 it reflects an email from Shane Allen -- 20 A Well, correction. Shane Allen was 21 a customer of Tony Klancic. After Tony Klancic 22 left, he became a customer of mine. 23 Q Got it. And when did Tony Klancic leave, 24 please.	Page 173	1 BY MR. BURDEN: 2 Q All right. Mr. Ruth, do you recognize 3 Exhibit 129? 4 A No. 5 Q All right. Who is Dan Snyder? 6 A It appears he is a client of mine. 7 Q Why do you think that? 8 A Because he is writing an email to me 9 talking about his account performance. 10 Q All right. And what's he saying about 11 his account performance? 12 A It says, "Based on the recent account 13 statements, the balance has reduced from 25099 to 14 19131, a 24 percent reduction in three months." 15 Q Do you know if what Mr. Snyder is writing 16 there is correct? Did he lose 24 percent of his 17 account in three months? 18 A I have no clue. 19 Q All right. So if you look at the 20 last sentence of -- I guess the first paragraph 21 of Mr. Snyder's email to you he says, "When we 22 have gains, they are not maximum gains. Yet every 23 loss has been a maximum loss. I am afraid I don't 24 see the value in your option selection process."	Page 175
1 A I don't know. But my point is I wasn't 2 involved in the solicitation of him. 3 Q All right. So let's stay on Exhibit 128, 4 if we could, please. So Mr. Allen writes to you 5 in May of 2017, "This is a written notification to 6 cancel all future orders based on performance over 7 the past year and a half," and then he requests 8 termination of his account. Do you recall receiving 9 this email? 10 A No. 11 Q Do you know how Mr. Allen's account 12 did at Long Leaf Trading? 13 A No clue. 14 Q All right. Let's put that one aside, 15 please. 16 A (Witness complies). 17 (Whereupon CFTC Exhibit No. 129 was 18 marked for identification, MM.) 19 Q All right. I want to hand you what 20 I've marked as CFTC Exhibit 129. Look it over, 21 please, and let me know when you're ready. 22 MR. MAY: Ready? 23 THE WITNESS: Yes. 24	Page 174	1 Do you know if that's right for 2 Mr. Snyder, for Mr. Snyder's trading at Long Leaf? 3 Was every loss a maximum loss? 4 A I would not recall that. 5 Q For your clients at Long Leaf Trading 6 generally is this true? Were the maximum losses 7 realized and the gains sort of much less than the 8 maximum gains? 9 A I don't know. 10 Q All right. So it looks here like you're 11 responding to Mr. Snyder. You write, "My apologies. 12 I didn't realize you were waiting on comments from 13 me. I'll call you on Monday to discuss." Did you 14 write that? 15 A I don't know. 16 Q Do you recall having any discussions 17 with Mr. Snyder about his account? 18 A No. 19 Q All right. So -- 20 A I don't even remember who that guy is. 21 Q I'm sorry? 22 A I don't even remember who he is. 23 Q All right. So -- 24 A Like generally I could tell you	Page 176

<p style="text-align: right;">Page 177</p> <p>1 something about each client, but I've got nothing 2 on that one.</p> <p>3 (Whereupon CFTC Exhibit No. 130 was 4 marked for identification, MM.)</p> <p>5 Q Okay. Well, let me hand you what 6 I've marked as CFTC Exhibit 130. And look at it, 7 please, and tell me when you're ready to talk about 8 it.</p> <p>9 A All right.</p> <p>10 MR. BURDEN: Shall we proceed?</p> <p>11 MR. MAY: Sure.</p> <p>12 BY MR. BURDEN:</p> <p>13 Q Yeah, all right. Mr. Ruth, do you 14 recognize CFTC Exhibit 130?</p> <p>15 A Nope.</p> <p>16 Q All right. Who is David Thibert?</p> <p>17 A I'm going to assume he's a client of mine.</p> <p>18 Q Why do you think that?</p> <p>19 A Because he is using Gain Capital support 20 to try to contact me.</p> <p>21 Q All right. And did you ever get in touch 22 with Mr. Thibert?</p> <p>23 A I would assume so.</p> <p>24 Q So why do you think that?</p>	<p style="text-align: right;">Page 179</p> <p>1 of that nature.</p> <p>2 Q Why do you think that?</p> <p>3 A Because the fact that he was calling -- 4 if I remember correctly, he was calling -- if you 5 go back to Exhibit 120, I think he was calling like 6 that phone number (indicating), which is Gain 7 Capital, trying to find Jeremy Ruth.</p> <p>8 Q So why do you think -- I'm not 9 disagreeing with you, but why do you think he 10 was doing that?</p> <p>11 A I think the guy's older and he's not 12 technologically savvy.</p> <p>13 Q But did anybody tell you that? Did you 14 come to find that out --</p> <p>15 A Yeah, through this email, yeah.</p> <p>16 Q Okay. So where does the email say that?</p> <p>17 A Well, once I got on the phone with 18 him I'm like, hey, I haven't -- I haven't received 19 a call from you. I got this email. What's going 20 on.</p> <p>21 Q But is that a discussion you had with 22 Mr. Thibert?</p> <p>23 A I don't remember the exact, specific 24 thing, what I said or whatever, but I know that</p>
<p style="text-align: right;">Page 178</p> <p>1 A Because I don't avoid anybody's phone 2 calls and I work more hours than anybody in the 3 industry.</p> <p>4 Q So, yeah, so that's my question right 5 there. So if you look at the first email in the 6 chain in Exhibit 130, it reflects a message from 7 GFSupport@gaincapital, and it looks like they're 8 forwarding an email from Mr. Thibert. Is that what 9 you understand that to mean?</p> <p>10 A Yeah.</p> <p>11 Q And Mr. Thibert writes, "I want my 12 funds frozen until I can contact Mr. Ruth. He 13 seems to be avoiding me. Do not trade any more 14 options until they are discussed with me." And it 15 looks like ultimately this gets sent to Mr. Evans, 16 who forwards it to you, is that correct?</p> <p>17 A Yeah.</p> <p>18 Q All right. So did you talk to Mr. Evans 19 about this at all?</p> <p>20 A I would assume so.</p> <p>21 Q Well, do you remember talking to Mr. Evans 22 about it?</p> <p>23 A I mean, not specifically. But I think this 24 guy was calling the wrong phone number or something</p>	<p style="text-align: right;">Page 180</p> <p>1 that was the nature of what the issue was.</p> <p>2 Q Got it. So you remember calling 3 Mr. Thibert --</p> <p>4 A Yeah, this isn't an instance of me 5 like avoiding somebody's phone call or anything.</p> <p>6 Q Got it. So your testimony is you 7 received this email and you did get in touch with 8 Mr. Thibert --</p> <p>9 A Yes.</p> <p>10 Q -- correct?</p> <p>11 A I never -- and my testimony also 12 is that I never avoided his phone call in the 13 first place.</p> <p>14 Q Got it. And you learned from Mr. Thibert 15 that he was calling the wrong number?</p> <p>16 A Yes, or something of that nature.</p> <p>17 Q That's your recollection?</p> <p>18 A Yes.</p> <p>19 Q All right. Let's put that one aside.</p> <p>20 A (Witness complies).</p> <p>21 (Whereupon CFTC Exhibit No. 131 was 22 marked for identification, MM.)</p> <p>23 Q All right. I want to hand you what 24 I've marked as CFTC Exhibit 131. Take a look at</p>

<p style="text-align: right;">Page 181</p> <p>1 it, please, and indicate for me when you have 2 reviewed it. 3 MR. MAY: Are you ready? 4 THE WITNESS: Yes. 5 BY MR. BURDEN: 6 Q All right. Mr. Ruth, do you recognize 7 CFTC Exhibit 131? 8 A No. 9 Q Who's Suzanne Clemons? 10 A I don't know exactly. I don't recall. 11 Q All right. Was Ms. Clemons a customer 12 of yours? 13 A To be honest with you, I don't know 14 if I have the right person, but there's one -- 15 either she is but we never did any trades 16 together or -- or, sorry, maybe she was like 17 a client of somebody else's that was given to me. 18 I don't know if we did any trades. There's one 19 that's like that. 20 Q Is that Suzanne Clemons? 21 A I can't remember. I mean, I only had 22 like a few females. So I think -- I don't know. 23 I don't know if it's her but ... 24 Q Okay. Well, let's take a look at 131</p>	<p style="text-align: right;">Page 183</p> <p>1 Q Did you represent that to any other 2 customers of Long Leaf Trading? 3 A Nope. 4 Q All right. 5 MR. MAY: Can I ask him one question? 6 MR. BURDEN: You know, if you want to, 7 I don't mind. We usually provide opportunity 8 at the end. 9 MR. MAY: At the end, yeah. It's really 10 just one question. 11 MR. BURDEN: Sure, go right ahead. 12 MR. MAY: Yeah. Directing your 13 attention to Exhibit 131, do you see an 14 email that indicates that you sent an email 15 on or about June 29, 2017 at 3:39 p.m.? 16 THE WITNESS: Yeah, I see that. 17 MR. MAY: Could you tell me from looking 18 at Exhibit 131 who the email was sent to in the 19 middle of the page? 20 THE WITNESS: No one. 21 MR. MAY: Why do you say that? 22 THE WITNESS: Because it doesn't have 23 anybody on the To line. 24 MR. MAY: So you couldn't tell looking</p>
<p style="text-align: right;">Page 182</p> <p>1 anyway. 2 A Yeah. 3 Q So the email reflects -- or Exhibit 131 4 reflects an email from a Suzanne Clemons to your 5 email address at Long Leaf when you were there, 6 is that right? 7 A Yeah. 8 Q All right. And Ms. Clemons writes, 9 "Jeremy, please close out all positions by 10 August 11th and return funds to me on or before 11 August 18th. I am very disappointed in your claims 12 to generate positive returns." Do you recall any 13 discussions with Ms. Clemons? 14 A No. 15 Q All right. So do you know if you 16 followed up with Ms. Clemons from this email? 17 A I would assume so. 18 Q Do you have any recollection of following 19 up with Ms. Clemons? 20 A No. 21 Q All right. Did you represent 22 to Ms. Clemons that Long Leaf Trading generated 23 positive returns for customers? 24 A Nope.</p>	<p style="text-align: right;">Page 184</p> <p>1 at Exhibit 131 who the recipient of that 2 email is? 3 THE WITNESS: Correct. 4 MR. MAY: Okay. Thanks for indulging me. 5 MR. BURDEN: Of course. 6 A Just going back -- 7 Q Yeah. 8 A -- I think the last question you asked 9 me, can you repeat that? 10 MR. BURDEN: Mary, if you would, please. 11 (Whereupon the portion of the record 12 was read as requested.) 13 A Yeah. I'd like the record to reflect 14 that my answer to the last question is I don't 15 recall. 16 (Whereupon CFTC Exhibit No. 132 17 was marked for identification, MM.) 18 Q Okay. Let me hand you what I've marked 19 as CFTC Exhibit 132. Take a look at Exhibit 132, 20 please, and tell me when you've looked at it. 21 MR. MAY: Ready? 22 THE WITNESS: Yes. 23 BY MR. BURDEN: 24 Q All right. Mr. Ruth, do you recognize</p>

<p>1 CFTC Exhibit 132?</p> <p>2 A Nope.</p> <p>3 Q All right. Do you know who Karl Reimer is?</p> <p>4 A Yes.</p> <p>5 Q Who's that, please.</p> <p>6 A He was originally a customer of Vince Prieto's, and then after Vince Prieto left he became a customer of mine.</p> <p>9 Q All right. When did he become a customer of yours, please.</p> <p>11 A I don't know the exact date.</p> <p>12 Q All right. So Exhibit 132 appears to reflect an email from Mr. Reimer to you dated August 28, 2017.</p> <p>15 A I didn't work at Long Leaf Trading Group then.</p> <p>17 Q In August 28th of 2017?</p> <p>18 A Correct.</p> <p>19 Q Yeah. So it looks from the email like jtruth@longleaftrading.com forwarded this to --</p> <p>21 A Yeah, Tim Evans forwarded it to James Leeney after I left.</p> <p>23 Q Got it. So you can put that one aside, please.</p>	<p>Page 185</p> <p>1 Q All right. And when did you see those emails, please.</p> <p>3 A Throughout my tenure at Long Leaf Trading Group.</p> <p>5 Q Okay. Can you give me an example of some of them?</p> <p>7 A I don't -- haven't thought about it or looked at them in years.</p> <p>9 Q Well, did you ever talk to --</p> <p>10 A Actually, I can give you an example. Right here (indicating).</p> <p>12 Q Yeah. So what email are you holding up there, Mr. Ruth? What exhibit was that, please.</p> <p>14 A Exhibit 132.</p> <p>15 Q All right. So you testified that that was after you had left, right?</p> <p>17 A Yes, I left the Friday before.</p> <p>18 Q All right. So what I'm interested in is learning about emails that Mr. Evans may have sent --</p> <p>21 A Like I said, I don't recall.</p> <p>22 MR. MAY: Okay. Let him finish asking the question to make sure that you actually don't recall, okay?</p>
<p>Page 186</p> <p>1 A Which means that Tim Evans has access to my email account and sends things on my behalf.</p> <p>3 Q Did Mr. Evans ever do that while you were at Long Leaf?</p> <p>5 A Yes.</p> <p>6 Q When?</p> <p>7 A I don't know specifically but --</p> <p>8 Q Well, can you think of any instances of Mr. Evans sending things under your --</p> <p>10 A Not false --</p> <p>11 Q You've got to let me finish.</p> <p>12 MR. MAY: Yeah, because you can't answer his question --</p> <p>14 THE WITNESS: I'm sorry, I'm sorry, I'm sorry.</p> <p>16 MR. MAY: -- if you don't know the question.</p> <p>18 BY MR. BURDEN:</p> <p>19 Q While you were at Long Leaf Trading did Mr. Evans send emails from your email address?</p> <p>21 A I have reason to believe, yes.</p> <p>22 Q Why do you think that?</p> <p>23 A Because I've seen emails that are being sent that I didn't send.</p>	<p>Page 188</p> <p>1 THE WITNESS: Okay.</p> <p>2 BY MR. BURDEN:</p> <p>3 Q All right. So, Mr. Ruth, did Mr. Evans send emails from your address while you were at Long Leaf Trading?</p> <p>6 A I have reason to believe that he did.</p> <p>7 Q Why do you think that?</p> <p>8 A Because he did it after I left, and I have seen emails that have been generated from my account that I don't recall sending.</p> <p>11 Q When did you see those emails?</p> <p>12 A Some of them today. Some of them two, three years ago.</p> <p>14 Q All right. Well, what emails did you see today that you don't think you wrote?</p> <p>16 A The reason why I don't think I wrote them is because I don't recall them. This one.</p> <p>18 Q And what exhibit is that, please, Mr. Ruth.</p> <p>19 A 119.</p> <p>20 Q Very good.</p> <p>21 A This one I don't recall writing.</p> <p>22 Q And what exhibit is that, please.</p> <p>23 A 122. That's -- those are the ones I have seen today that I don't recall sending.</p>

<p style="text-align: right;">Page 189</p> <p>1 Q Okay. So you don't recall sending 2 them, but why do you think that Mr. Evans sent 3 them, if that's what you think?</p> <p>4 A My gut. That's it.</p> <p>5 Q Sorry?</p> <p>6 A My gut tells me that he did.</p> <p>7 Q But why do you think that? What's your 8 basis for saying that?</p> <p>9 A I feel like I've already answered that 10 question.</p> <p>11 Q Well, indulge me and do it again 12 because I'm not sure why you think Mr. Evans 13 sent those two emails other than the fact that you 14 don't remember sending them. I'm not disagreeing 15 with you. I just want to know why you think 16 Mr. Evans sent them.</p> <p>17 A Because I don't recall sending them. 18 He has access to my email. He's the only one 19 that has access to my email that I know of besides 20 myself, and I have information that shows that he 21 sent emails from my account. So one reasonable 22 person would believe that that is a possibility.</p> <p>23 Q Do you have any other reasons to believe 24 that that's a possibility?</p>	<p style="text-align: right;">Page 191</p> <p>1 MR. BURDEN: All right. I'll tell 2 you what. Do you guys want to take a little 3 break?</p> <p>4 MR. MAY: Yeah.</p> <p>5 MR. BURDEN: Okay.</p> <p>6 MR. MAY: Just wondering if this is the 7 opportunity for me to go back to my office and 8 get my notebook or not.</p> <p>9 MR. BURDEN: Oh, man. How long do you 10 think that'll take?</p> <p>11 MR. MAY: Round trip, ten minutes.</p> <p>12 MR. BURDEN: Yeah, go ahead. That's 13 fine -- or, I mean, you can have somebody 14 bring it over.</p> <p>15 MR. MAY: Well, I don't know how clean 16 or messy my office really is.</p> <p>17 MR. BURDEN: All right. Go, go, go. 18 I'll see you guys in ten minutes.</p> <p>19 (Whereupon a recess was taken from 20 3:30 p.m., to 3:55 p.m., after which 21 the following proceedings were had:)</p> <p>22 Q All right. Mr. Ruth, are you aware 23 that your outgoing calls at Long Leaf Trading were 24 recorded by their CRM?</p>
<p style="text-align: right;">Page 190</p> <p>1 A I think that's more than a reasonable 2 reason to believe.</p> <p>3 Q I'm not disagreeing with you, but I want 4 to know are there other reasons?</p> <p>5 A Not that I can think of at this time.</p> <p>6 Q Did you ever confront Mr. Evans at 7 any time about writing emails, you know, from your 8 email address or on your behalf?</p> <p>9 A Not that I recall.</p> <p>10 Q All right. So if I wanted to find 11 like a written record of that or you emailing 12 Mr. Evans and saying don't do this anymore, would 13 I find anything like that?</p> <p>14 A I don't -- possibly. I don't know.</p> <p>15 Q Do you recall sending any emails 16 to Mr. Evans about suspicions you had that he was 17 sending emails on your behalf?</p> <p>18 A No. I probably wouldn't have 19 a conversation like that over email.</p> <p>20 Q How would you have that type of 21 conversation?</p> <p>22 A In person.</p> <p>23 Q Do you recall any such conversations?</p> <p>24 A Not -- I don't recall.</p>	<p style="text-align: right;">Page 192</p> <p>1 A No.</p> <p>2 Q You didn't know that?</p> <p>3 A I don't think all of them were recorded.</p> <p>4 Q Yeah. I think it's just the outgoing 5 sort of sales calls to customers when you dial 6 electronically, is that right?</p> <p>7 A I don't know the exact details, 8 but I know that it's an unreliable system and 9 it's not -- there's not a lot of -- there's less 10 recordings than there are recordings.</p> <p>11 Q What do you mean by that?</p> <p>12 A Like if you were to try to find 13 like recordings of clients, you would find more -- 14 you'd have more instances of not being able to find 15 the recording than you could find the recording.</p> <p>16 Q Got it. So why do you think that?</p> <p>17 A Because it's a poorly designed system.</p> <p>18 Q Well, like did you ever try to get 19 a customer call and you couldn't find it or --</p> <p>20 A Yeah, yeah, all the time.</p> <p>21 Q All right. So you knew the calls were 22 recorded and you could look them up if you wanted 23 to, right?</p> <p>24 A Correct. But I think the point I'm</p>

<p>1 trying to make here is is that a majority of the 2 calls are not recorded. 3 Q Got it. 4 A Or they're not library'd or indexed 5 or something of that -- stored properly. I don't 6 know what the answer is. 7 Q Okay. Well, Long Leaf Trading 8 produced the calls that were recorded to us. 9 And so I'm going to show you a couple of them -- 10 A Okay. 11 Q -- not too many, and we'll see how we do. 12 MR. BURDEN: All right. I want to show 13 you an audio recording. I'm marking it for the 14 record as CFTC Exhibit 133. 15 (Whereupon CFTC Exhibit No. 133 was 16 marked for identification, MM.) 17 MR. BURDEN: So this is an audio file 18 produced by Long Leaf Trading and the name of 19 the file is 07-06-2017_JJKUMPEL_3609415560_(1). 20 And the date on this call is, according to the 21 file, is July 6th of 2017. 22 Q Is that name familiar to you, Kumpel? 23 MR. MAY: What was the name of the 24 exhibit again?</p>	<p style="text-align: right;">Page 193</p> <p>1 Q So, Mr. Ruth, is that your voice on the 2 call? 3 A I believe so. 4 Q All right. So I want to ask you 5 about this bit we heard you talking about, that 6 you told Mr. Kumpel something to the effect that -- 7 A Hold on. Sorry, go ahead. 8 Q What were you going to say? 9 A I don't know that the guy's name is 10 Mr. Kumpel. 11 Q Okay. Well, whoever you were talking 12 to on the call, it sounds like you're telling this 13 person -- you say something to the effect of it's 14 easy to accomplish 12 percent on an annual basis. 15 So that's approximately what you said on the call, 16 correct? 17 A No. 18 Q What did you say on the call? 19 A I'm talking about a hypothetical 20 situation in which the specific example that's 21 in front of him, the person got a 6 percent return. 22 And then like I'm showing him through another visual 23 that if you were to add another contract, it's 24 scaleable so it would move him to a 12 percent</p>
<p>1 MR. BURDEN: 133. 2 A Is what familiar with me? 3 Q The name Kumpel, K-u-m-p-e-l. 4 A No. 5 Q All right. So let's listen to some of 6 this call, if we could. 7 MR. MAY: Is this the entire call? 8 MR. BURDEN: No, I'm going to be playing 9 excerpts from the call. 10 MR. MAY: Okay. 11 MR. BURDEN: The entire call is 103 minutes 12 long. Bear with me and we'll see if I can get 13 this to work. It does not always work on the 14 first try. All right. So I want to start us 15 off in Exhibit 133 at 43 minutes and 52 seconds. 16 THE WITNESS: Do we know the first name 17 of this person? 18 MR. BURDEN: I don't off the top of my 19 head, no. 20 MR. MAY: The file is J-J-K-U-M-P-E-L, 21 so my hypothesis is it starts with a J. 22 (Whereupon the audio was played.) 23 MR. BURDEN: All right. So I'm going 24 to stop it there at 46 minutes and 31 seconds.</p>	<p style="text-align: right;">Page 194</p> <p>1 return, but I'm not referring to him. I'm referring 2 to a hypothetical situation. 3 Q Got it. So were there any customers 4 of yours at Long Leaf that obtained a 6 percent 5 annual return? 6 A Couldn't tell you. 7 Q Any customers of yours at Long Leaf that 8 obtained a 12 percent annual return? 9 A I don't -- I mean, not only could 10 I not tell you, but I don't understand how that's 11 applicable to the situation. I think you're 12 misunderstanding what I just said in that statement, 13 that it's a hypothetical situation that has nothing 14 to do with them. 15 Q No, I understand. 16 A Then why would you ask that question? 17 Q I don't answer your questions about 18 my questions, Mr. Ruth. I ask you questions and 19 you answer them. 20 MR. MAY: I could come up with a theory, 21 but I'd rather not. 22 MR. BURDEN: Not unless you want to 23 testify. All right. So I want to restart 24 Exhibit 133. And let's start it, if we could,</p>

<p style="text-align: right;">Page 197</p> <p>1 at 50 minutes and 37 seconds. So here we go.      2 (Whereupon the audio was played.)      3 MR. BURDEN: All right. So I'm going      4 to stop it there at 55:23.</p> <p>5 Q And there's two statements I want to      6 focus in on, Mr. Ruth. So the first is I think      7 we heard you say a couple times in there that --      8 something to the effect of we're very good at what      9 we do or we're successful. Did you say that on the      10 call?</p> <p>11 A I don't know. It was a long segment there.      12 I don't necessarily recall.</p> <p>13 Q All right. So I think we can play      14 it back if you wanted to. Would you like me to?</p> <p>15 A No.</p> <p>16 Q All right. So you remember telling      17 this person that --</p> <p>18 A No.</p> <p>19 Q -- from listening to the call --</p> <p>20 MR. MAY: Okay. You can't answer his      21 question before he's done asking it, okay?</p> <p>22 MR. BURDEN: So thanks.</p> <p>23 Q So, Mr. Ruth, what basis do you have      24 for telling this customer that Long Leaf Trading</p>	<p style="text-align: right;">Page 199</p> <p>1 done too.</p> <p>2 MR. BURDEN: Oh, all right. Well, that's      3 okay. I'm not mad about it.</p> <p>4 Q So, Mr. Ruth, was Long Leaf Trading      5 successful for customers? Were they good at what      6 they did?</p> <p>7 A Long Leaf Trading had moments of      8 success. Just like a baseball player, a baseball      9 player goes up 500 times a season and they get      10 three -- you know, one-third of the time they get      11 a hit or less. That's how we are.</p> <p>12 Q All right. Was Long Leaf Trading --</p> <p>13 MR. MAY: Are you saying --</p> <p>14 A I'm saying --</p> <p>15 MR. MAY: -- one out of three?</p> <p>16 A -- the way you define success, which      17 is this -- kind of all day we've been battling      18 over it is you look at the end result, okay? I      19 don't look at the end result. I look at it as did      20 I have a successful trade -- or I should say did Tim      21 Evans have a successful trade. And if the answer      22 is yes, then I consider that a success. So if you      23 were to ask me like -- I know what you're getting      24 at here, is am I representing to this guy that we</p>
<p style="text-align: right;">Page 198</p> <p>1 is successful or good at what we do?</p> <p>2 A I think you misconstrued what I just      3 said on that phone call.</p> <p>4 Q Okay. Well, set me straight.</p> <p>5 A I'm telling him that basically if      6 I were to cherry -- I could make this compelling      7 case that I am very good at what I do because I      8 could cherry pick which trades I want to share with      9 him and share those trades and be like, oh, I've      10 got a winning trade. The point I'm trying to make      11 is is that I don't want you to sign up for this      12 program because of that because it's not going to      13 be indicative of what is going to actually happen      14 in your account.</p> <p>15 Q Was Long Leaf Trading successful?</p> <p>16 Was Long Leaf Trading --</p> <p>17 A Long Leaf Trading --</p> <p>18 Q You've got to wait until I finish,      19 remember? Remember my tip. It's good to take      20 a breath when I finish the question.</p> <p>21 MR. MAY: There was a little pause.</p> <p>22 MR. BURDEN: I'm sorry?</p> <p>23 MR. MAY: There was a little bit of      24 a pause in your question. I thought you were</p>	<p style="text-align: right;">Page 200</p> <p>1 do have moments of success. Yes, we do have moments      2 of success. Am I representing to him that every      3 single client that we take on has a winning account?</p> <p>4 No, I'm not saying that, nor would I say that.</p> <p>5 BY MR. BURDEN:</p> <p>6 Q Right. But we heard you say on      7 the call that Long Leaf Trading had success for      8 clients --</p> <p>9 A We did.</p> <p>10 Q -- and we've also heard you say on      11 the call that Long Leaf Trading is very good at      12 what they do.</p> <p>13 A Yeah.</p> <p>14 Q And I guess what I'm asking is, is that      15 true?</p> <p>16 A Yes.</p> <p>17 Q All right. What's your basis for saying      18 that?</p> <p>19 A Going back to Exhibit 123, that's better      20 than you can do it.</p> <p>21 Q And Exhibit 123 reflects 50 percent winners      22 and 50 percent losers, correct?</p> <p>23 A I don't know if that's accurate, but sure.</p> <p>24 Q Well, you're the one that --</p>



1 that information. 2 Q Okay. So I think we heard you say 3 there that -- something to the effect that you are 4 confident that, and I'm paraphrasing here, over time 5 you would achieve the client's specifically targeted 6 return. Did I get -- 7 A That's not at all what that said. 8 Q All right. So what did you say? 9 A Again, I said that in the event 10 that 76.5 percent of options expire worthless 11 and we don't change anything in terms of the number 12 of contracts we're doing or the premium, the risk 13 to reward, I'm very confident that we would hit 14 your specifically targeted return. 15 Q So my question then is what is the 16 basis for that confidence? Like why did you tell 17 this guy -- 18 A Because if you win 75 percent of 19 your trades and the amount of premium that you 20 collect is constant, then you would have a profit -- 21 you would be profitable. 22 Q All right. Did that happen for 23 any of your clients while you were at Long Leaf? 24 A It did at times, yes.	Page 205	1 I'd be tremendously grateful for your help. 2 Are you familiar with Nexidia? 3 MR. MAY: I don't have to answer questions 4 either. 5 MR. BURDEN: Very good. All right. 6 THE WITNESS: Got him. 7 MR. BURDEN: So 1:17:36 is where we 8 started and where we finished was 1:18:35. 9 Q All right. So now that we've got that 10 straight. So, Mr. Ruth, we heard you talk on this 11 call I think and say to this client something to 12 the effect that if our clients weren't making money, 13 we wouldn't be in business, is that right? Did you 14 say that? 15 A I don't think so. 16 Q All right. Do you want to listen 17 to it again or do you want to kind of correct me 18 and tell me what you did say? 19 A I don't have -- sure, let's listen 20 to it again. 21 MR. BURDEN: All right. So I'm going 22 to start at 1:17:36. 23 (Whereupon the audio was played.) 24 MR. BURDEN: And then I stopped it again	Page 207
1 Q All right. For whom? 2 A I don't know. I don't know specifically. 3 Q And did that hold true over the life of 4 their accounts? 5 A I don't -- I don't know specifically. 6 MR. BURDEN: All right. So I want to pick 7 up Exhibit 133 at 1:17:36. 8 (Whereupon the audio was played.) 9 MR. BURDEN: All right. So I want to 10 stop it there. I'm stopping it at 1:43:28. 11 Q So, Mr. Ruth -- 12 MR. MAY: I'm sorry. 1:43 -- 13 MR. BURDEN: 28. 14 MR. MAY: You started at 1:17:36? That 15 can't be right. We didn't -- that's like a 16 minute maybe of playing the conversation. 17 MR. BURDEN: Oh, very good. Thanks, 18 guys. All right. So I'm reading the wrong 19 thing. There's a bunch of numbers up here. 20 So we did start -- 21 MR. MAY: Do you want me to come over 22 and help you? 23 MR. BURDEN: Thank you. You know 24 what, if you're familiar with Nexidia,	Page 206	1 at 1:18:35. 2 Q All right. So, Mr. Ruth, it sounds 3 like you're saying to this person, you know, if 4 clients weren't making money, they wouldn't make 5 it to Month 11. If they didn't make it to Month 11, 6 or whatever month you said on the call, Long Leaf 7 Trading wouldn't be in business. So have I got that 8 basically right? 9 A Yeah, but that's not what you said earlier. 10 Q Okay. That's all right. I've got it right 11 this time, right? 12 A Yeah. 13 Q Okay. So what's your basis for saying 14 that clients at Long Leaf were making money? 15 A Again, I analyze things on a monthly 16 basis, so there are some months that they make 17 money. There are some months that they don't make 18 money. 19 Q But overall -- 20 A I don't look -- 21 MR. MAY: Okay. He didn't finish his 22 question, so you can't answer it. 23 A Like can you get this concept, that 24 I don't -- you and I look at this completely	Page 208

<p>1 different?</p> <p>2 BY MR. BURDEN:</p> <p>3 Q Overall -- so rather than say overall,</p> <p>4 isn't it true that during your tenure at Long Leaf</p> <p>5 clients lost more money on more months than they</p> <p>6 made money?</p> <p>7 A I can't say that.</p> <p>8 Q And wouldn't it be fair to say that</p> <p>9 during your tenure at Long Leaf, clients lost more</p> <p>10 money than they made in total?</p> <p>11 A I couldn't speak to that at all. I don't</p> <p>12 know that.</p> <p>13 FURTHER EXAMINATION</p> <p>14 BY MR. PATRICK:</p> <p>15 Q Do you know what you meant when you</p> <p>16 said in the recording that we just listened to</p> <p>17 if we don't get to Month 11, we don't make money?</p> <p>18 Do you remember that?</p> <p>19 A Yeah, we're a business.</p> <p>20 Q Right.</p> <p>21 A That requires money to operate a business,</p> <p>22 and it takes -- we have to make a certain amount of</p> <p>23 money on a client in order for our business to be</p> <p>24 profitable.</p>	<p>Page 209</p> <p>1 the account capital required to be able to do</p> <p>2 these trades if they lost five months in a row.</p> <p>3 So what I'm saying is is that no sane person is</p> <p>4 going to say yes to these four trades when all you</p> <p>5 do is call them and say, hey, Mr. Customer, you lost</p> <p>6 money this month.</p> <p>7 BY MR. PATRICK:</p> <p>8 Q Is there something significant about</p> <p>9 Month 11? Is that like a breakeven point? I'm</p> <p>10 just trying to -- I'm really trying to get at what</p> <p>11 the significance of Month 11 is in that statement,</p> <p>12 if we don't get to Month 11, we don't make money.</p> <p>13 A It was represented to me that if</p> <p>14 you take the expenses of Long Leaf Trading Group,</p> <p>15 somewhere -- it costs like \$20,000 a client to</p> <p>16 operate it. And so I look at it as somewhere</p> <p>17 around Month 11 is when we generally generate around</p> <p>18 like \$20,000 in commissions. So that's why Month 11</p> <p>19 is significant.</p> <p>20 FURTHER EXAMINATION</p> <p>21 BY MR. BURDEN:</p> <p>22 Q So who told you that, Mr. Ruth?</p> <p>23 A Tim Evans.</p> <p>24 MR. MAY: So you didn't pick Month 11</p>
<p>1 MS. STREIT: But that's not dependent</p> <p>2 on whether the client is profitable or not,</p> <p>3 is it?</p> <p>4 A Well, yeah, because the client</p> <p>5 isn't -- if a client goes five months in a row</p> <p>6 without winning, they're probably not going to be</p> <p>7 like, yeah, I approve the trades for the next month.</p> <p>8 Do you get what I'm saying? So like let's say you</p> <p>9 go one month. You lose money, okay? It's a bad</p> <p>10 month. It's going to happen. Then the next month</p> <p>11 you make money. You're like all right, well, let's</p> <p>12 go ahead the next month. Then the next month you</p> <p>13 lose money, and then like you keep going like that.</p> <p>14 So the profitability of the account -- that's why</p> <p>15 you guys keep looking at the end result, but you</p> <p>16 have to understand the journey that went through</p> <p>17 there of why somebody would logically stay -- I</p> <p>18 think my average account stays like 13 months. You</p> <p>19 guys probably figured that out. If not, somewhere</p> <p>20 around there. So why -- if everybody loses money,</p> <p>21 why would they stay 13 months when they get to</p> <p>22 approve the trades is what I'm trying to say. And</p> <p>23 if they lost every single month, nobody would do</p> <p>24 that. Plus, they wouldn't even be able to have</p>	<p>Page 210</p> <p>1 out of a hat?</p> <p>2 THE WITNESS: No.</p> <p>3 A And just for the record, to like --</p> <p>4 I'm not saying that because you bring on a client,</p> <p>5 you're automatically like 20 grand in the hole.</p> <p>6 It's like if you factor in like the cost of offices</p> <p>7 and attorneys and audits and just the cost of doing</p> <p>8 business for an IB and if you were to divide it by</p> <p>9 the amount of clients we have, that's where we came</p> <p>10 up with that number.</p> <p>11 MR. MAY: Don't forget about phones.</p> <p>12 You need those.</p> <p>13 THE WITNESS: Oh, yeah, phones.</p> <p>14 BY MR. BURDEN:</p> <p>15 Q Well, I'll tell you what. I want to</p> <p>16 do one more piece from Exhibit 133, and then we'll</p> <p>17 move on to another call.</p> <p>18 MR. BURDEN: So I'm going to restart</p> <p>19 Exhibit 133 at 1:37:51.</p> <p>20 (Whereupon the audio was played.)</p> <p>21 MR. BURDEN: So I want to stop there</p> <p>22 and we'll restart it. I'm stopping it at</p> <p>23 1:38:54.</p> <p>24 Q So I think we heard you telling this</p>

<p>1 person on the call that you're very confident you 2 can do well for them, is that right? 3 A Yes. 4 Q All right. So what was the basis for 5 that confidence? 6 A I take pride in my job, and I was 7 confident about the outlook of Long Leaf Trading 8 Group. 9 Q All right. So, you know, it seems 10 here like you have been able to testify, to tell 11 us whether your customers made or lost money over 12 the life of their accounts, is that right? 13 MR. MAY: I'm going to object. That 14 misstates the testimony. 15 MR. BURDEN: Well, I'm asking if that 16 is Mr. Ruth's testimony. If it misstates it, 17 I'm sure he'll correct me. 18 MR. MAY: Could you read it back to the 19 witness. 20 (Whereupon the portion of the record 21 was read as requested.) 22 THE WITNESS: Could you do it again? 23 I'm sorry. 24</p>	<p style="text-align: right;">Page 213</p> <p>1 A I think it would help you ask better 2 questions. 3 MR. MAY: They actually control the 4 record, so I can't tell her to go off the 5 record. Only they can tell her to go off 6 the record. 7 A Can I use that dry erase board to show you? 8 BY MR. BURDEN: 9 Q You can, but I can give you a piece of 10 paper as well. Would that be helpful? 11 A Sure. 12 Q Great. And how about a red marker, 13 will that be helpful? 14 A Perfect. 15 MR. MAY: Why don't you answer his 16 questions, and then at the end I'll have 17 the opportunity to ask you questions. 18 THE WITNESS: I'm confident I'm okay here. 19 MR. MAY: I'm confident this is not 20 what we discussed, so you don't have to draw 21 him an illustration. 22 THE WITNESS: No, I understand. I just 23 want to -- 24 MR. MAY: And you're not answering his</p>
<p>1 (Whereupon the portion of the record 2 was read as requested.) 3 MR. MAY: She can read it again. I know 4 it's hard to testify all day. 5 MR. BURDEN: How about I just do a better 6 job with the question. 7 MR. MAY: I actually like that question 8 really well. I think I want to stick with it, 9 but if you want. 10 BY MR. BURDEN: 11 Q So, Mr. Ruth, our analysis has shown 12 that substantially all Long Leaf Trading customers 13 lose money. And I keep asking you, you know, do 14 customers make or lose money overall. And it seems 15 like you haven't been able to tell me, that you sort 16 of don't know overall, is that right? 17 A Am I allowed to just like go off the 18 record and explain something to you so I could help 19 you here? 20 Q You can't go off the record, but you 21 can definitely explain stuff. That's why you're 22 here. 23 A Why can't we go off the record? 24 Q We're not going to go off the record.</p>	<p style="text-align: right;">Page 214</p> <p>1 question when you do that. 2 THE WITNESS: I know I'm not answering 3 his question. In my opinion, I'm going to help 4 him ask better questions. 5 MR. MAY: Well, I don't know that that's 6 your job. 7 MR. BURDEN: I've never been in this 8 situation before. 9 MR. MAY: Are we on the same page? 10 Is there a pending question? 11 MR. BURDEN: There is. 12 Q Mr. Ruth, you testified you'd like to 13 help me ask better questions, right? 14 A Yes, and I'm not trying to insult you. 15 Q I am not insulted. I want you to help me. 16 A Okay. 17 Q And you had intimated that you could 18 make a drawing or a diagram that you think would 19 help me ask questions to get better, more meaningful 20 responses from you, correct? 21 A Yes, yes. 22 Q So would you draw me whatever you're going 23 to draw me, please. 24 A Okay. Well, I'm going to draw and</p>

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<p>1 I'm going to provide a narrative here. So the      2 first thing I want to say is I know what you're      3 getting at is is that if you know that the account      4 performance is that people have lost money, which      5 I don't know, but if that's --</p> <p>6 MR. MAY: That's the premise to his      7 question.</p> <p>8 A -- the premise, yes, then how can you      9 say to somebody during the solicitation process      10 that you are doing well and that you have these      11 great moments and all this kind of stuff. And I'm      12 going to explain to you how that is the case.</p> <p>13 BY MR. BURDEN:</p> <p>14 Q Thank you.</p> <p>15 A Am I kind of on the right page here,      16 right track?</p> <p>17 Q I think we are absolutely on the same      18 page, yes. Draw away, please.</p> <p>19 MR. MAY: I disagree.</p> <p>20 A All right. So let's say you bring on      21 a client and he's got \$25,000, okay?</p> <p>22 MR. MAY: Are you creating a      23 hypothetical --</p> <p>24 THE WITNESS: Yes.</p>	<p>1 my frustration.</p> <p>2 MR. MAY: Well, I don't know that you're      3 going to -- I think he's got a never-ending      4 supply of questions --</p> <p>5 THE WITNESS: Oh, yeah.</p> <p>6 MR. MAY: -- and you're not saving      7 yourself any time by doing this. That's my      8 gut instinct.</p> <p>9 THE WITNESS: Yeah, but they're just not      10 getting this concept.</p> <p>11 MR. BURDEN: Mr. Ruth, would you like to      12 go off the record and consult with your counsel      13 and come back or would you like to --</p> <p>14 MR. MAY: Yeah, I think we need a bathroom      15 break.</p> <p>16 THE WITNESS: Yeah, yeah.</p> <p>17 MR. BURDEN: Okay, let's do that.</p> <p>18 MR. MAY: Because I don't really know that      19 there's a pending question.</p> <p>20 THE WITNESS: Do you think I need to bring      21 this with me?</p> <p>22 MR. MAY: No.</p> <p>23 MR. BURDEN: There doesn't have to be a      24 pending question. He can do whatever he wants</p>
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<p>1 MR. MAY: -- in response to his question?</p> <p>2 THE WITNESS: Yes.</p> <p>3 MR. MAY: I don't know that he wants      4 a hypothetical.</p> <p>5 BY MR. BURDEN:</p> <p>6 Q I'd like a hypothetical. Mr. Ruth,      7 please draw me whatever it is you would like to      8 draw me.</p> <p>9 MR. MAY: I don't really know that      10 there's a pending question. So he's not      11 really --</p> <p>12 THE WITNESS: I feel like I can save us      13 like five hours if I just --</p> <p>14 MR. MAY: Well, here's --</p> <p>15 THE WITNESS: -- explain this to him      16 one time.</p> <p>17 MR. MAY: That -- I don't know that      18 you're actually going to save us five hours.      19 You get enough attorneys in a room and actually      20 you end up using up all the time.</p> <p>21 MR. BURDEN: You guys are already coming      22 back.</p> <p>23 THE WITNESS: I know, but I'm also      24 getting kind of frustrated. I want to alleviate</p>	<p>1 in this record.</p> <p>2 MR. PATRICK: It's just a piece of paper.      3 (Whereupon a recess was taken from      4 4:37 p.m., to 4:52 p.m., after which      5 the following proceedings were had:)</p> <p>6 MR. BURDEN: Back on the record, please.</p> <p>7 Q Before we broke for you to consult      8 with your counsel, Mr. Ruth, you were going to      9 draw me an illustration that you felt would help      10 me ask better questions.</p> <p>11 A I've decided to put the ball back      12 in your court and let you ask me questions. I think      13 you're more than capable of asking me the right      14 questions.</p> <p>15 MR. BURDEN: All right. So I'll tell      16 you what. I had a couple more questions about      17 the last call that we listened to and I think      18 rather than try to remember it, I'll just play      19 that same bit again. So we're looking at      20 Exhibit 133.</p> <p>21 MR. MAY: We're listening, yeah.</p> <p>22 MR. BURDEN: That's right. Very good.      23 We're listening to Exhibit 133. I'm starting      24 it at 1:37:51.</p>
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<p style="text-align: right;">Page 221</p> <p>1 (Whereupon the audio was played.)</p> <p>2 MR. BURDEN: So let me stop it there</p> <p>3 at 1:39:17.</p> <p>4 Q So it sounds like you're talking to</p> <p>5 this customer here and you're saying that you're</p> <p>6 confident you can do well for them, is that right?</p> <p>7 A I don't know if I said that verbatim</p> <p>8 but ...</p> <p>9 Q It's definitely not verbatim, but is that</p> <p>10 the gist of it?</p> <p>11 MR. MAY: The gist --</p> <p>12 A No. I think the gist of it is really</p> <p>13 to talk about that there's volatility in the market</p> <p>14 and it gives me the ability to do better than the</p> <p>15 2:1 risk-reward ratio.</p> <p>16 BY MR. BURDEN:</p> <p>17 Q All right. And at the end where you</p> <p>18 were talking about exceeding something, what were</p> <p>19 you talking about exceeding there?</p> <p>20 A Well, the whole equation is based off of</p> <p>21 risking \$2 for every dollar in premium collection.</p> <p>22 If there's an increase in volatility when you're</p> <p>23 selling an option, it gives you the ability to</p> <p>24 collect more premium. When you collect more</p>	<p style="text-align: right;">Page 223</p> <p>1 Do you? Does anyone else?</p> <p>2 MR. BURDEN: Because it's hard to put</p> <p>3 the mouse there.</p> <p>4 MR. MAY: Oh, okay.</p> <p>5 MR. BURDEN: Yeah, I tried to do that.</p> <p>6 I'm not skipping that four seconds for any</p> <p>7 particular reason.</p> <p>8 MR. MAY: Okay.</p> <p>9 MR. BURDEN: If I can get it to do that,</p> <p>10 I will. Yeah, and I can. So we'll start at</p> <p>11 1:39:21 again. Sorry.</p> <p>12 (Whereupon the audio was played.)</p> <p>13 MR. BURDEN: All right. So I'm stopping</p> <p>14 it there at 1:40:19.</p> <p>15 Q So, Mr. Ruth, the part I want to talk</p> <p>16 about is where you say to this customer, prospective</p> <p>17 customer that you want to show them that they can</p> <p>18 get a consistent income-generating component to</p> <p>19 their portfolio from Time Means Money. Is that</p> <p>20 about what you said? Did I get that right?</p> <p>21 A No, no. Not only that, but I don't</p> <p>22 think that this snippet is reflective of what</p> <p>23 you're trying to say. But you would have to listen</p> <p>24 to the whole entire phone call in its entirety</p>
<p style="text-align: right;">Page 222</p> <p>1 premium, you increase the profitability -- the</p> <p>2 potential profitability of a trade and you decrease</p> <p>3 the amount of risk. So essentially when you win,</p> <p>4 if the trade pans out, you could win more and when</p> <p>5 you lose, you lose less.</p> <p>6 Q Got it.</p> <p>7 MR. BURDEN: So let's pick this back up</p> <p>8 at 1:39:21.</p> <p>9 (Whereupon the audio was played.)</p> <p>10 MR. BURDEN: So I want to stop it there</p> <p>11 at 1:40:19.</p> <p>12 Q And the part I want to ask you about</p> <p>13 is you're talking about showing this customer that</p> <p>14 using these Time Means Money strategies, though you</p> <p>15 don't say that in those words, you can add an</p> <p>16 income-generating component to their portfolio.</p> <p>17 Did I summarize that accurately?</p> <p>18 A I wasn't listening that intently to be</p> <p>19 able to say if that's true or not.</p> <p>20 MR. BURDEN: All right. Well, I'll</p> <p>21 tell you what. Let's listen to it again.</p> <p>22 MR. MAY: Can you go back to 39:17,</p> <p>23 which is where we left off before? I don't</p> <p>24 really see the need to omit four seconds.</p>	<p style="text-align: right;">Page 224</p> <p>1 to understand what is going on in that snippet</p> <p>2 that you have.</p> <p>3 Q Got it, got it.</p> <p>4 A But I think, from what I'm gathering</p> <p>5 from this, is that this guy's an equity options</p> <p>6 trader or he does equity options, and he is maybe</p> <p>7 amazed by the premium collection and amount of</p> <p>8 risk that you're taking on that we're getting in</p> <p>9 futures options is I guess what's going on here.</p> <p>10 But I wouldn't know that unless you went to probably</p> <p>11 five minutes into the phone call.</p> <p>12 Q Got it, got it. So the question I want</p> <p>13 to ask you about that, though, the snippet we just</p> <p>14 heard, is did you have any clients who were able</p> <p>15 to achieve a consistent income-generating component</p> <p>16 to their portfolio from Long Leaf Trading?</p> <p>17 A I mean, are you asking this question</p> <p>18 on its own or are you asking it because we played</p> <p>19 this? Because, I mean, it's not applicable to that.</p> <p>20 Q Well, I'll tell you what. Let's pretend</p> <p>21 we didn't listen to the call --</p> <p>22 A Okay.</p> <p>23 Q -- and I'll ask you were there</p> <p>24 any clients you had that achieved a consistent</p>

<p style="text-align: right;">Page 225</p> <p>1 incoming-generating component to their portfolios 2 from the Long Leaf trading recommendations? 3 A Well, it depends how you define consistent 4 income-generating component. But I understand that 5 as having -- I mean, you're bringing in premium and 6 you're selling it using options, so one can make 7 the argument that it's consistent income generation. 8 Whether it's realized or not I don't think is part 9 of that statement so ...</p> <p>10 Q Got it. So I think that's a pretty 11 significant difference, though, the difference 12 between --</p> <p>13 A Right, yeah.</p> <p>14 Q Well, let me ask, if you would, please.</p> <p>15 A Yeah.</p> <p>16 Q The difference between realized income 17 and -- what's the best way to describe it, paper 18 profits or unrealized gains and --</p> <p>19 A Cash balance.</p> <p>20 Q There we go, cash balance. So what's 21 the difference between cash balance and realized 22 income in your mind?</p> <p>23 A Cash balance is the account equity 24 plus the amount of premium that you've collected.</p>	<p style="text-align: right;">Page 227</p> <p>1 of 2019, and it's been two or three years. I don't 2 know.</p> <p>3 Q Do you recall what percentage of your 4 clients at Long Leaf Trading --</p> <p>5 A No.</p> <p>6 Q -- were able to achieve an 7 income-generating component to their portfolio 8 from realized gains at Long Leaf Trading?</p> <p>9 A No, I don't recall.</p> <p>10 MR. BURDEN: All right. Sorry. This 11 takes a while to like load up another call. 12 I'll tell you what. While we're waiting, let's 13 just look at some other documents because 14 knowing the tech around here, it may never 15 load.</p> <p>16 (Whereupon CFTC Exhibit No. 134 was 17 marked for identification, MM.)</p> <p>18 Q All right. Mr. Ruth, I want to hand 19 you what I've marked as CFTC Exhibit 134. Take 20 a moment, if you would to review it, please, and 21 then indicate to me when you have reviewed it to 22 your satisfaction.</p> <p>23 MR. MAY: Ready?</p> <p>24 THE WITNESS: Yes.</p>
<p style="text-align: right;">Page 226</p> <p>1 Q And that premium could ultimately 2 before expiration leave the account, correct? 3 A Yes.</p> <p>4 Q Or it might stay, in which case it would 5 be realized, correct?</p> <p>6 A Correct.</p> <p>7 Q All right. So which of your clients 8 achieved a consistent income-generating component 9 to their portfolio in the form of realized gains 10 from Long Leaf Trading?</p> <p>11 A I couldn't -- I don't recall.</p> <p>12 Q Is it fair to say that none of them did?</p> <p>13 A Not fair at all.</p> <p>14 Q All right. So why do you dispute that 15 characterization?</p> <p>16 A Why do I dispute it?</p> <p>17 Q Yeah.</p> <p>18 A Because I don't recall if they did, 19 which doesn't mean that I'm willing to say that 20 nobody did.</p> <p>21 Q Okay. Well, can you recall anybody 22 who was able to achieve consistent realized gains --</p> <p>23 A If you asked me in 2017 about things that 24 happened in 2017, probably. But this is September</p>	<p style="text-align: right;">Page 228</p> <p>1 BY MR. BURDEN:</p> <p>2 Q All right. Mr. Ruth, do you recognize 3 the document I marked as CFTC Exhibit 134?</p> <p>4 A Yes.</p> <p>5 Q What do you recognize it to be, please.</p> <p>6 A It's a document entitled Time Means Money 7 Demo Script, Revised July 13, 2016.</p> <p>8 Q All right. So what is this thing, if you 9 know, please.</p> <p>10 A This is the Time Means Money demo script.</p> <p>11 Q All right. But what is that? What is it 12 used for?</p> <p>13 A It is used for solicitation of clients 14 in the Time Means Money program.</p> <p>15 Q So who wrote this script?</p> <p>16 A I don't think one person wrote it.</p> <p>17 Q Okay. Well, who contributed to it, 18 if you know?</p> <p>19 A Tim Evans. I mean, I don't know. 20 I guess I could have some input into it. James 21 Leeney, Tony Klancic, Vince Prieto.</p> <p>22 Q So it sounds like all of the brokers 23 at Long Leaf at the time contributed to this script, 24 is that right?</p>

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<p>1 A Essentially, yeah.</p> <p>2 Q And you contributed as well, correct?</p> <p>3 A Yeah. I mean, I don't know in what capacity, but yeah.</p> <p>5 Q Well, that's my next question. What did 6 you contribute, if you remember?</p> <p>7 A I added the line are you married and do 8 you have kids.</p> <p>9 Q Okay. Do you remember anything else that 10 you added or took away?</p> <p>11 A No, that's it.</p> <p>12 Q Is that the sum total of your contributions 13 to the script or is that just --</p> <p>14 A From what I recall.</p> <p>15 Q Okay. Is it possible you contributed 16 more and you just don't remember or do you just 17 specifically remember that line about being married 18 and you didn't contribute anything else?</p> <p>19 A From what I recall, that's the only thing 20 I contributed.</p> <p>21 Q Did you ever tell anybody that you wrote 22 this script?</p> <p>23 A It's possible.</p> <p>24 Q Who would you have told? Let me rephrase</p>	Page 230	<p>1 MR. MAY: And having kids.</p> <p>2 BY MR. BURDEN:</p> <p>3 Q Very good. That's what you contributed,</p> <p>4 Mr. Ruth?</p> <p>5 A From what I recall, that's one thing that 6 I can say that I contributed, yes.</p> <p>7 Q Okay. Did you contribute more than that 8 to the script?</p> <p>9 A There's a possibility.</p> <p>10 Q So we're looking at Exhibit 134 here.</p> <p>11 You know, it's a script that it looks like it's</p> <p>12 30 pages long. Do you recall what percentage of</p> <p>13 this you contributed, if you can break it down like</p> <p>14 that?</p> <p>15 A No.</p> <p>16 Q Was it a lot of the script or not much</p> <p>17 of the script?</p> <p>18 MR. MAY: Do you want to change your</p> <p>19 prior testimony?</p> <p>20 A My answer to all this is I don't know</p> <p>21 what I contributed to the script.</p> <p>22 BY MR. BURDEN:</p> <p>23 Q Got it.</p> <p>24 A Besides the fact that I can tell you</p>	
<p>1 that question.</p> <p>2 A Okay.</p> <p>3 Q Who did you tell that you wrote this 4 script?</p> <p>5 A I don't recall.</p> <p>6 Q Did you tell Mr. Leeney that you wrote 7 this script?</p> <p>8 A It's possible.</p> <p>9 Q But why --</p> <p>10 A Mr. Leeney was there so ...</p> <p>11 Q Did you tell Mr. Gecas that you wrote 12 this script?</p> <p>13 A I don't think I've ever talked to</p> <p>14 Mr. Gecas.</p> <p>15 Q Oh, that's right. Did you tell Mr. Prieto</p> <p>16 that you wrote this script?</p> <p>17 A It's possible.</p> <p>18 Q Did you write this script?</p> <p>19 A I contributed to it.</p> <p>20 Q Well, it sounds like your testimony</p> <p>21 before is that you added this line about being</p> <p>22 married, right?</p> <p>23 A Um-hmm.</p> <p>24 Q Yes?</p>	Page 232	<p>1 that I did add the line, "Are you married and do you 2 have any kids?"</p> <p>3 Q Okay. And this script was used by the</p> <p>4 brokers at Long Leaf Trading to solicit clients,</p> <p>5 correct?</p> <p>6 A I don't think I can speak to that.</p> <p>7 Q Okay. What did you use this script for?</p> <p>8 A I used it to solicit people for the Time</p> <p>9 Means Money program.</p> <p>10 Q All right. Do you know if other brokers</p> <p>11 at Long Leaf Trading also used the script?</p> <p>12 A I don't know. How do you define using</p> <p>13 the script?</p> <p>14 Q Well, did you ever overhear any brokers</p> <p>15 use it, read from it?</p> <p>16 A Parts of it, yeah.</p> <p>17 Q Okay. Did you ever give the script to</p> <p>18 any of the other brokers?</p> <p>19 A I don't think so.</p> <p>20 Q Did you ever -- sorry.</p> <p>21 A Not that I know of.</p> <p>22 Q Did you ever talk to any of the other</p> <p>23 brokers about this script we see in Exhibit 134?</p> <p>24 A Talk to them about it?</p>	

	Page 233		Page 235
1 Q Yeah.		1 THE WITNESS: No, I understand.	
2 A Sure.		2 MR. MAY: We can have the court reporter --	
3 Q Okay. Who did you talk to, please.		3 THE WITNESS: You guys bring this up	
4 A I don't -- no clue.		4 every year like.	
5 Q And do you recall what any of these		5 MR. MAY: Okay. But you've never talked	
6 brokers said to you or what you said to them about		6 to the CFTC before.	
7 the script?		7 THE WITNESS: Yeah, I understand.	
8 A No.		8 MR. MAY: I think you're confusing them	
9 Q All right. So let's take a look at the		9 with another regulator. So okay. Do you even	
10 script, if we could, please. So would you turn,		10 recall the question anymore? Do you want	
11 please, to page 3 of the script in Exhibit 134.		11 the court reporter --	
12 A (Witness complies).		12 THE WITNESS: Yeah, can you --	
13 Q Are you with me?		13 MR. MAY: -- to read it back to you?	
14 A Yep.		14 THE WITNESS: -- read back the question?	
15 Q All right. So I want to direct your		15 (Whereupon the portion of the record	
16 attention to Bullet 5 and it says 76.5 percent		16 was read as requested.)	
17 of all options expire worthless. Let's skip down		17 A I don't think it's relevant because	
18 to B. It says, "Okay. The Time Means Money program		18 I think you're referring to one specific study	
19 utilizes short option strategies as the investment		19 which is noted on the slide.	
20 vehicle to drive results. Now, the reason this is		20 BY MR. BURDEN:	
21 so important is because it's a fact that on average		21 Q But that's not my question. My question	
22 of 76.5 percent of all options held to expiration at		22 is do you know if this statistic held through the	
23 the Chicago Mercantile Exchange expire worthless."		23 later period?	
24 Is this a piece that you contributed?		24 A I stand behind my testimony. I don't	
	Page 234		Page 236
1 A No.		1 think it's relevant.	
2 Q All right. So is this a thing that		2 Q But that's not an answer to my question.	
3 you said on calls with customers or prospective		3 Would you like to answer my question?	
4 customers?		4 A I don't know.	
5 A If I'm using the script and it's part		5 Q Okay.	
6 of the script, then yes.		6 A I don't know.	
7 Q All right. So do you know if this		7 Q All right. Well, I'll tell you what.	
8 is true, that on average 76.5 percent of all options		8 Let's turn to page --	
9 held to expiration expire worthless?		9 MR. MAY: Is it possible it could be	
10 A According to one study by the CME Group.		10 higher or lower?	
11 Q All right. Did you read that study?		11 THE WITNESS: Yeah. I mean, it's possible	
12 A Yes.		12 it could be -- yeah, there's many possibilities.	
13 Q All right. What is the time period		13 BY MR. BURDEN:	
14 for that study?		14 Q All right. So --	
15 A 1997 through 1999.		15 A I think, though, saying on average and	
16 Q All right. So do you know if that		16 citing the specific source is sufficient, though.	
17 fact has continued from 1999 through the date that		17 Q All right. So let's turn to page 7, if we	
18 this script was utilized?		18 could, please, of the script.	
19 A I don't know. You tell me.		19 A Sure.	
20 Q I don't tell you things. You tell me		20 Q All right. I want to direct your	
21 things.		21 attention to the top part of the page where	
22 MR. MAY: I think the standard is		22 there's a bullet that says, "10. Introduce the	
23 that he's not testifying and you are. So,		23 Three Principles." And it says, A, "Since 2009	
24 I mean, we can have --		24 Long Leaf was founded on three principles. One,	

<p style="text-align: right;">Page 237</p> <p>1 futures and options on futures should be easy 2 to understand. Two, we should be 100 percent 3 transparent and conduct ourselves with integrity 4 at all times. Three, we should provide our clients 5 a strong return on their investment." So is this 6 a piece that you contributed, Mr. Ruth?</p> <p>7 A Nope.</p> <p>8 Q All right. Do you know who wrote this bit?</p> <p>9 A I don't know, man. Like this is 10 approved by the compliance department. It's given 11 to me. I do my job. So I don't know exactly who 12 contributed what, what pieces or what. But it's 13 the job of the compliance department at Long Leaf 14 Trading Group to approve or disapprove any sales 15 solicitation materials.</p> <p>16 Q And who was in the compliance group?</p> <p>17 A Tim Evans is the chief compliance officer.</p> <p>18 Q Was there anybody else in that compliance 19 group during your tenure at Long Leaf?</p> <p>20 A Maybe Brian Adams at the end. I don't 21 know. I don't know.</p> <p>22 Q Okay. Anybody other than those two guys?</p> <p>23 A I don't know the process. My process 24 is, you know, I had like a manual that says what</p>	<p style="text-align: right;">Page 239</p> <p>1 ultimately provide clients with -- 2 A I don't find it applicable because 3 it says the word should. You're disregarding that 4 word.</p> <p>5 Q Well, let's not worry about Exhibit 134, 6 all right? I'm just going to ask my question in a 7 vacuum, all right? Did Long Leaf Trading provide 8 clients with a strong return on their investment?</p> <p>9 A I mean, you're disregarding -- you're 10 only asking the question because it's in the script 11 and you want to disregard the script.</p> <p>12 MR. MAY: Let's back up.</p> <p>13 THE WITNESS: Yeah.</p> <p>14 MR. MAY: Okay. Let's put away 15 Exhibit 134. And you've been asked this all 16 day, okay?</p> <p>17 THE WITNESS: Yep.</p> <p>18 MR. MAY: Do you want to change your 19 testimony about whether you know --</p> <p>20 A I don't know.</p> <p>21 MR. MAY: -- the results?</p> <p>22 A I don't know the results specifically.</p> <p>23 BY MR. BURDEN:</p> <p>24 Q All right. So let's pick 134 back</p>
<p style="text-align: right;">Page 238</p> <p>1 I'm supposed to do, like send in this or do that 2 or, you know, get the documents, only use stuff 3 that's approved by the compliance department.</p> <p>4 Q Got it. So is this something you said 5 to clients on calls, that one of the principles of 6 Long Leaf is that we should provide our clients with 7 a strong return on their investment?</p> <p>8 A If it's on a script and I'm approved -- 9 it's approved by the compliance department and I'm 10 supposed to utilize it in the solicitation, then it 11 would have been said.</p> <p>12 Q All right. So what is your basis for -- 13 or what was your basis for saying to customers that 14 Long Leaf, one of Long Leaf's principles is to -- 15 you know, scratch that. I think a better way to ask 16 this question is just did Long Leaf in fact provide 17 clients with a strong return on their investment?</p> <p>18 A I don't think that's what the statement 19 says.</p> <p>20 Q I understand. But my question is did 21 Long Leaf --</p> <p>22 A I think you're missing out on the word 23 should.</p> <p>24 Q Right. But did Long Leaf in fact</p>	<p style="text-align: right;">Page 240</p> <p>1 up, if we could, please, and get back to page 7. 2 Are you there?</p> <p>3 A Yep.</p> <p>4 Q All right. So let's look at 10(B).</p> <p>5 And 10(B) says, "Now, these three principles are 6 what we have built our company upon and everything 7 that we do since our inception. At Long Leaf we 8 measure our success by our clients' success. As a 9 company we wouldn't have the ability to work with 10 hundreds of clients month after month for six years 11 and oversee millions of dollars if we weren't being 12 profitable for them. Does that make sense?" So 13 do you know who wrote that piece of the script?</p> <p>14 A Again, no, I don't know.</p> <p>15 Q So it wasn't you then?</p> <p>16 A The only thing that I can tell you 17 that I wrote with 100 percent certainty is what 18 I previously testified to, that are you married or 19 do you have any kids.</p> <p>20 Q Got it. So this piece we just read -- 21 and the statement I want to focus on is we wouldn't 22 have the ability to work with hundreds of clients 23 month after month for six years and oversee millions 24 of dollars if we weren't being profitable for</p>

<p>1 them -- is that something you said to customers 2 and prospective customers on solicitation calls? 3 A The policy at Long Leaf Trading Group 4 is that the solicitation process is approved by the 5 compliance department, and it is my duty to carry 6 out the solicitation process in accordance with the 7 script that I've been given. 8 Q Did you do that? 9 A So in the event that it's on the script, 10 then -- and approved by the compliance department, 11 then I said it. 12 Q All right. So was this script approved 13 by the compliance department? 14 A I don't know if this specific one was. 15 I don't have the ability to determine that. 16 Q Do you recall telling customers that 17 Long Leaf wouldn't have the ability to work with 18 hundreds of clients month after month for six years 19 and oversee millions of dollars if Long Leaf weren't 20 being profitable for them? Do you remember saying 21 that to people? 22 A No, I don't recall. But, again, if it's 23 in an approved script by the compliance department 24 and I was soliciting a client, everything that's</p>	<p>Page 241</p> <p>1 A Yes. 2 Q When was that, please. 3 A I want to say it was June, July, August, 4 September, October of 2016 maybe. 5 Q All of those months or -- 6 A No. 7 Q -- somewhere in there? 8 A Somewhere in there I remember that 9 we had like a big surge, and I even had clients 10 deposit more money from their initial investments 11 and things of that nature so ... 12 Q Do you recall what month that was? 13 A It's somewhere in that time period. 14 I know it was probably -- it was probably before 15 November of 2016. 16 Q All right. So when do you think it was 17 then that client accounts were -- 18 A Somewhere between the summer of 2016 19 and November of -- and October of 2016, the end 20 of October of 2016. 21 Q All right. And was that just for one 22 month or was that for multiple months? 23 A I couldn't tell you, but I know that 24 there was a time where people were moving in the</p>
<p>1 in the script would have been said by me. 2 Q Got it. In fact, Long Leaf was 3 not profitable for customers, is that correct? 4 A I can't answer that question. I don't 5 know. 6 Q All right. So if you don't know, why 7 would you say this to clients? 8 A I don't know because it's 2019, 9 and I don't know the specifics of what's going 10 on. The other thing too is clients start and stop 11 at different times. So if you have a client -- ten 12 clients who started the first month and they all 13 made money, then that line can be correct. 14 Q Got it. 15 A So I don't know. 16 Q So how many clients started the first 17 month and just traded and left with a profit? How 18 many of your clients did that? 19 A I'm not saying that they had to leave, 20 but it's at the time this statement was made they 21 could be profitable. 22 Q Got it. So was there ever a period 23 of time when all of your clients at Long Leaf 24 were up?</p>	<p>Page 242</p> <p>1 right direction and were above their initial 2 equity levels. 3 Q Was that the only month where customers 4 were -- 5 A From my recollection -- 6 Q You've got to let me finish the question. 7 MR. MAY: You can't answer his question -- 8 THE WITNESS: Yeah, yeah, yeah. 9 MR. MAY: -- until he's done answering -- 10 THE WITNESS: All right. 11 MR. MAY: -- asking it. 12 THE WITNESS: I was faster. 13 MR. MAY: Now, but we are at 5:26. 14 How much longer are we going to go? 15 MR. BURDEN: As long as you guys can stand. 16 MR. MAY: We might have to -- I mean, 17 do you know how many more exhibits you have? 18 MR. BURDEN: You're looking at it. 19 MR. MAY: So there's a lot. 20 MR. BURDEN: Yeah. So I'll tell you what, 21 you know. I don't -- 22 THE WITNESS: You never had any intentions 23 of this being a one-day thing. 24 MR. MAY: Well, he has no idea how</p>

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1	quickly or long it's going to go.	1 WHICH WERE ALL THE PROCEEDINGS
2	MR. BURDEN: Yeah. So as a general	2 HAD OR OFFERED AT SAID HEARING
3	matter, I don't answer questions. But, yeah,	3 OF THE ABOVE-ENTITLED CAUSE.
4	definitely I was hopeful that --	4
5	MR. MAY: Okay. We're still on the	5
6	record. Do we need to be on the record for	6
7	this part?	7
8	MR. BURDEN: Do you want to go off the	8
9	record?	9
10	MR. MAY: Sure, yeah.	10
11	MR. BURDEN: Yeah, okay. Could we go	11
12	off the record, please.	12
13	(Whereupon a recess was taken from	13
14	5:30 p.m., to 5:40 p.m., after which	14
15	the following proceedings were had:)	15
16	MR. BURDEN: Back on the record, please.	16
17	MR. MAY: Okay. Ashley, I think we're	17
18	going to take you up on your offer that this	18
19	is as convenient a place as any to cease for	19
20	today, continue to be under subpoena and you'll	20
21	contact me about what your available dates are.	21
22	And I'll check my calendar and I'll bring	22
23	Mr. Ruth back with me, and we'll kind of	23
24	take it from there.	24
Page 246		Page 248
1	MR. BURDEN: Thank you. I read this	1 STATE OF ILLINOIS)
2	so I don't screw it up. Let me read the bit	2 ) SS.
3	I've got to read and then --	3 COUNTY OF C O O K)
4	MR. MAY: Okay.	4
5	MR. BURDEN: -- we'll go off the record.	5 I, MARY MASLOWSKI, CSR, do hereby
6	Mr. Ruth, at this time we're adjourning to a	6 certify that I reported in shorthand the proceedings
7	date to be determined later. Although your	7 had at the examination under oath aforesaid, and
8	testimony is adjourned, you remain under	8 that the foregoing is a true, complete and accurate
9	subpoena. Mr. Ruth, is there anything that	9 transcript of the proceedings at said examination
10	you wish to clarify or add to the statements	10 under oath as appears from the stenographic notes
11	that you have made today?	11 so taken and transcribed on the 4th day of October
12	THE WITNESS: Not at this time.	12 2019.
13	MR. BURDEN: All right. Counsel, anything	13
14	that you would like to add or clarify to --	14
15	MR. MAY: No, I think it makes sense.	15 Certified Shorthand Reporter
16	And pursuant to what I understand the rules	16
17	for the CFTC is when you're done, I'll have	17
18	some clarifying questions at that time. It	18
19	doesn't really make sense to do them now.	19
20	MR. BURDEN: Okay. Well, I'll tell	20
21	you what. We are off the record at 5:35 on	21
22	September 26th.	22
23		23
24		24

## **Long Leaf Trading Group**

***Ruth, Jeremy 2019-10-11***

**10/11/2019**

**Condensed Transcript**

**Prepared by:**

Ashley Burden  
CFTC

Friday, October 29, 2021

	Page 249		Page 251
1	UNITED STATES OF AMERICA	I N D E X	
	BEFORE THE	EXAMINATION	
2	COMMODITY FUTURES TRADING COMMISSION		
3			
4	IN THE MATTER OF: )	E X H I B I T S	
	)	CFTC EXHIBIT	MARKED FOR ID
5	LONG LEAF TRADING GROUP, INC. )	135	253
6		136	259
7		137	262
8		138	268
9	VOLUME II	139	278
10		140	281
11	The continued examination under	141	286
12	oath of JEREMY RUTH, taken pursuant to subpoena	142	298
13	and the rules of the U.S. Commodity Futures Trading	143	305
14	Commission, reported by Mary Maslowski, a Certified	144	308
15	Shorthand Reporter and Notary Public within and	145	310
16	for the County of Cook and State of Illinois,	146	320
17	at 525 West Monroe Street, 9th Floor, Chicago,	147	327
18	Illinois, commencing at the hour of 9:50 o'clock	148	338
19	on October 11, 2019.	149	345
20		** 150	357
21		151	364
22		152	368
23		153	372
24			
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1	A P P E A R A N C E S:		
2	MR. ASHLEY J. BURDEN, Senior Trial Attorney	JEREMY RUTH,	
3	MS. ELIZABETH M. STREIT, Trial Team Leader		
	MR. JOSEPH J. PATRICK, Senior Investigator		
4	U.S. COMMODITY FUTURES TRADING COMMISSION		
	DIVISION OF ENFORCEMENT		
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	On behalf of the U.S. Commodity		
8	Futures Trading Commission;		
9			
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	On behalf of the Witness.		
14			
15			
16	A L S O P R E S E N T:		
17			
	MS. NICOLE KRAAI, Intern.		
18			
19			
20			
21			
22			
23	CSR License No. 084-003278.		
24			

<p style="text-align: right;">Page 253</p> <p>1 marked as Exhibit 116. And let the record reflect 2 that a copy of the formal order of investigation 3 in this matter has been made available and will 4 continue to be made available for examination by 5 counsel and the witness during the course of this 6 proceeding.</p> <p>7 Mr. Ruth, thanks for coming 8 back. I want to start today by looking at a 9 couple of the documents that you produced to us 10 on the 26th.</p> <p>11 MR. MAY: And, Ashley, you continue to 12 have copies for counsel?</p> <p>13 MR. BURDEN: Of course. (Whereupon CFTC Exhibit No. 135 15 was marked for identification.)</p> <p>16 Q All right. Mr. Ruth, I'm handing you 17 what I've marked as CFTC Exhibit 135. And take 18 a moment to look at it, if you would, please, and 19 when you finish, I'll ask you if you remember what 20 it is and what it's all about.</p> <p>21 A (Witness complies).</p> <p>22 MR. MAY: Ashley, while we're doing 23 that, do you still have the exhibits that 24 we used last time? I'm going to need a copy</p>	<p style="text-align: right;">Page 255</p> <p>1 in here -- it looks like in Exhibit 135 there 2 is a release signed by a person named Okey Oteh, 3 and that's Ruth 037. Do you know who Okey Oteh is? 4 A Yeah, he was a customer at Long Leaf 5 Trading Group.</p> <p>6 Q Was he a customer of yours?</p> <p>7 A Yes and no. He was originally solicited 8 by Tony Klancic, and after Tony Klancic left the 9 firm he was on letter of direction. And after a 10 while being on letter of direction, I became his 11 broker.</p> <p>12 Q All right. And it looks like this 13 is a release and Long Leaf paid him \$3,134.31, is 14 that right?</p> <p>15 A That's what it says, yeah.</p> <p>16 Q So did you pay that money?</p> <p>17 A No, I have no clue, anything about this.</p> <p>18 Q So how did this release come to be in 19 your possession?</p> <p>20 A I was owed money that was not paid 21 to me on my final paycheck and I reached out to 22 Tim Evans to inquire why, and this is one of the 23 things that he, I guess, deducted from my paycheck.</p> <p>24 Q All right. So Mr. Evans had deducted</p>
<p style="text-align: right;">Page 254</p> <p>1 of those so when you're done with your 2 examination, I can ask Mr. Ruth questions 3 about those.</p> <p>4 MR. BURDEN: Okay. Well, I'll tell 5 you what. Why don't you -- do you have a list 6 of the ones that you want to talk about?</p> <p>7 MR. MAY: Possibly, but I'm probably 8 going to need to see all of them.</p> <p>9 MR. BURDEN: Okay. Let's talk about 10 that on the break.</p> <p>11 MR. MAY: Sure.</p> <p>12 MR. BURDEN: We'll be able to do that 13 in one way or another.</p> <p>14 Q All right. Mr. Ruth, do you recognize 15 Exhibit 135?</p> <p>16 A Yes.</p> <p>17 Q Can you tell me what it is, please.</p> <p>18 A I think it's just emails back and 19 forth between me and Tim Evans after I left Long 20 Leaf Trading Group.</p> <p>21 Q All right. So this is an email and 22 attachments that you produced to us, correct?</p> <p>23 A Yes.</p> <p>24 Q All right. So there's references</p>	<p style="text-align: right;">Page 256</p> <p>1 or claimed to have deducted this \$3,000 payment 2 to Mr. Oteh from your final paycheck you were owed, 3 correct?</p> <p>4 A Correct.</p> <p>5 Q So did Mr. Evans ever tell you what 6 the basis for that was, like why you should have 7 to pay for that?</p> <p>8 A I think in here it says something 9 about -- I think it's in another email that we 10 produced to you, but it says something of the nature 11 that, I don't know, some sort of complaint from 12 Mr. Oteh Okey, which I never heard firsthand.</p> <p>13 Q Do you know what the basis is for 14 this release and this payment to Mr. Oteh from 15 Long Leaf?</p> <p>16 A No, I don't. To be honest with you, 17 I don't even think it's -- in my opinion, I don't 18 think it's even like a real document. I don't think 19 Mr. Oteh Okey signed this.</p> <p>20 Q Why do you think that?</p> <p>21 A Because of the date that it was 22 signed, the date that the money was taken from 23 my paycheck.</p> <p>24 Q Did you ever ask Mr. Evans about that</p>

<p>1 or accuse him of ginning up a fake document?</p> <p>2 A I mean, I had suspicions -- I don't</p> <p>3 know if I ever said anything. But, you know,</p> <p>4 I've thought about it and I'm still considering,</p> <p>5 you know, trying to use some sort of legal action</p> <p>6 to recover all the damages.</p> <p>7 Q From whom?</p> <p>8 A From Long Leaf Trading Group.</p> <p>9 Q All right. And it looks as well here</p> <p>10 like in Exhibit 135 Mr. Evans attached -- well,</p> <p>11 it looks like a bill from an attorney named Thomas</p> <p>12 Burke. What do you know about Mr. Burke's work for</p> <p>13 Long Leaf?</p> <p>14 A I think that that was just like his</p> <p>15 general NFA or I guess like futures-related legal</p> <p>16 issue counsel.</p> <p>17 Q All right. So why did he send that</p> <p>18 to you? Was this something else he deducted from</p> <p>19 your paycheck?</p> <p>20 A Yeah. He had mentioned another</p> <p>21 deduction with like Harish Patel, a legal bill or</p> <p>22 something of that nature.</p> <p>23 Q And is that what this -- that was my</p> <p>24 next question here. So is that what this legal</p>	<p>Page 257</p> <p>1 A No. I know that -- my understanding</p> <p>2 is that they weren't able to come to terms and</p> <p>3 they had some like heated argument and then he</p> <p>4 filed maybe something with the NFA, and then the</p> <p>5 NFA had called like an initial check on, you know,</p> <p>6 I guess the situation. And then I don't know if</p> <p>7 anything -- I never heard anything and I don't have</p> <p>8 any complaints and nobody asked me any questions,</p> <p>9 so I don't really know.</p> <p>10 Q Got it, okay.</p> <p>11 (Whereupon CFTC Exhibit No. 136</p> <p>12 was marked for identification.)</p> <p>13 Q All right. Mr. Ruth, I want to hand</p> <p>14 you next what I've marked as CFTC Exhibit 136, and</p> <p>15 this is a group exhibit consisting of a letter from</p> <p>16 Mr. Schena to you and others and then a settlement</p> <p>17 agreement and release relating to Mr. Schena's</p> <p>18 client, Priscilla Lamar.</p> <p>19 MR. MAY: The official one's yours.</p> <p>20 MR. BURDEN: Yours is next, Andrew.</p> <p>21 THE WITNESS: Sorry.</p> <p>22 MR. MAY: Oh, okay. There's two documents.</p> <p>23 Is that all 136?</p> <p>24 MR. BURDEN: Yeah, yeah, it's a group</p>
<p>1 bill is for?</p> <p>2 A I think so.</p> <p>3 Q All right.</p> <p>4 A It doesn't really say, but I think we're</p> <p>5 supposed to assume that.</p> <p>6 Q All right. And who is -- yeah,</p> <p>7 that's what I assumed. Who is Harish Patel, please.</p> <p>8 A Harish Patel was a client of mine</p> <p>9 who at the end of like, I don't know, maybe like</p> <p>10 the last weeks I was there he had complained about</p> <p>11 the trading and he -- I guess he refused to speak</p> <p>12 with me. So Tim Evans took over interacting with</p> <p>13 him and he just had a complaint about like the</p> <p>14 performance of the account. And Tim had told me</p> <p>15 that, you know, at the time I wasn't responsible</p> <p>16 for anything because I don't have anything to do</p> <p>17 with the performance of the account -- and he said</p> <p>18 this in front of everybody -- and that he would</p> <p>19 handle all the legal fees and all that kind of</p> <p>20 stuff. And then when we had this falling out,</p> <p>21 all of a sudden this was deducted from my check</p> <p>22 and I was presented with this as evidence, I guess.</p> <p>23 Q Do you know if Mr. Evans or Long Leaf paid</p> <p>24 a settlement to Mr. Patel?</p>	<p>Page 258</p> <p>1 exhibit.</p> <p>2 MR. MAY: Oh, okay.</p> <p>3 BY MR. BURDEN:</p> <p>4 Q And take a moment to look this over</p> <p>5 for me, please. And when you've finished, please</p> <p>6 indicate and I'll ask you some questions about it.</p> <p>7 A (Witness complies).</p> <p>8 MR. MAY: Okay, I'm ready.</p> <p>9 BY MR. BURDEN:</p> <p>10 Q All right. Mr. Ruth, do you recognize</p> <p>11 CFTC Exhibit 136?</p> <p>12 A Yes.</p> <p>13 Q All right. Can you tell me what it is,</p> <p>14 please.</p> <p>15 MR. MAY: Oh, that was the last exhibit?</p> <p>16 MR. BURDEN: Correct.</p> <p>17 MR. MAY: Okay. What was the prior one,</p> <p>18 135?</p> <p>19 MR. BURDEN: Correct.</p> <p>20 MR. MAY: All right.</p> <p>21 A I obtained this --</p> <p>22 MR. MAY: He asked if you recognize it.</p> <p>23 THE WITNESS: I said yes.</p> <p>24</p>

1 BY MR. BURDEN: 2 Q All right. So this letter looks like 3 it was sent after you had departed from Long Leaf, 4 is that correct? 5 A Yes. 6 Q So who is Priscilla Lamar? 7 A Priscilla Lamar was a client of mine 8 at Long Leaf. 9 Q And did you pay any money towards 10 this settlement with Ms. Lamar that's reflected 11 in this settlement agreement and release we see 12 starting at Ruth 024? 13 A Absolutely not. 14 Q So how did you come to be in possession 15 of this, please. 16 A I sent you -- we also provided other 17 emails, so I don't know the exact dates. Either 18 February or March of this year I think I got some 19 weird correspondence from an attorney named Rebecca 20 Wing, who I think is Long Leaf's counsel, and she 21 was trying to collect money from me for I guess 22 this settlement. And that's the first time I heard 23 about it. 24 Q Got it, okay. Have you had any subsequent	Page 261 1 from Tim Evans. 2 Q All right. So in the email dated 3 February 25, 2019 you were suggesting to Mr. Evans 4 that an attorney by the name of Rebecca Wing 5 was asking for money on behalf of Long Leaf Trading. 6 Is that what happened? 7 A Yeah. 8 Q So you didn't give her any money, right? 9 A No. 10 Q All right. So, you know, after the 11 conversation that's memorialized in Exhibit 137 12 with Ms. Wing, did you talk to her again? Did she 13 bug you more for money? What came of this? 14 A Yeah. I mean, again, I think 15 I submitted the emails to you about this. I had 16 asked her for more details about the whole situation 17 and, you know, I think her position was somewhere in 18 my employment contract that I have to indemnify -- 19 is that the right word? 20 MR. MAY: Indemnify. 21 A -- indemnify them and, you know, 22 the language says off of like gross negligence 23 or wrongful misconduct or something of that nature. 24 And so I was trying to essentially ask her to tell
Page 262 1 interactions with Ms. Wing? 2 A What is subsequent? What do you mean 3 by that? 4 Q Well, like I want to go back to 136 5 but -- sorry, yeah, 136. But, yeah, just so we're 6 on the same page, I didn't realize this was all 7 together. 8 (Whereupon CFTC Exhibit No. 137 9 was marked for identification.) 10 Q Let me hand you what I've marked 11 as CFTC Exhibit 137, and this is the email you 12 produced from Rebecca Wing. So take a moment to 13 look it over, please, and we'll all be on the same 14 page. 15 MR. MAY: Are you done reviewing it? 16 THE WITNESS: Yes. 17 MR. MAY: Okay. 18 BY MR. BURDEN: 19 Q All right. So, Mr. Ruth, do you recognize 20 Exhibit 137? 21 A Yes. 22 Q Can you tell me what it is, please. 23 A It's an email and then a response to 24 an email that I wrote to Tim Evans and a response	Page 264 1 me why she'd think that I acted negligently or 2 with gross misconduct and, you know, send me proof 3 of the settlement. 4 BY MR. BURDEN: 5 Q I did not see that email in the production. 6 Did Ms. Wing respond? 7 A Kind of. Not really. I mean -- 8 Q What did she say? 9 A Well, that's how I got the -- 10 Q Exhibit 136? 11 A -- 136. And then -- yeah, that's how 12 I got Exhibit 136. 13 Q All right. So Ms. Wing sent you the 14 documents we see in 136, correct? 15 A Yes. 16 Q Did she send you anything else? 17 A No, I don't think so. 18 Q All right. Did Ms. Wing follow up 19 at all or try to explain why you should pay this 20 money or what other money you owed? 21 A Not really. 22 Q When you say not really, does that 23 mean no or there was some halting communication? 24 Let me close this out.

1 A I don't think -- I don't know. I can't 2 speak for her, but I don't -- it was basically she 3 gave this to me and said pay it or we could do this 4 the easy way or the hard way and, you know, either 5 pay it or we're going to file a lawsuit against you. 6 Q And did they do that? 7 A Not to my knowledge. 8 Q Were there any other settlements 9 with Long Leaf customers that you were aware of? 10 And they don't have to be your clients, just however 11 you became aware of them. 12 A I think there's like a couple 13 like people who wrote like bad reviews on like 14 Google or something, and there might have been 15 like settlements to take down the reviews, things 16 of that nature. 17 Q So what do you remember about that? 18 Do you remember what customers were paid to take 19 down reviews on Google? 20 A I wouldn't say they were paid to take 21 down reviews on Google. I think what the customers 22 had done was wrote some things that were not 23 factual. And so it was more of like, hey, you need 24 to take this down because this isn't true.	Page 265  1 something like that and, you know, well, you 2 lost 60 percent of your money in five months or, 3 you know. So it's that -- yeah, like that's why 4 it's untrue or ... 5 Q Well, how did you know that the 6 reviews were untrue? It sounds like from your 7 testimony that only maybe one of them was your 8 customer or you don't remember if you read it. 9 Like how do you know if the reviews were, you know, 10 true or false? 11 A Tim Evans told me. 12 Q Okay. And so these customers that 13 posted these Google reviews, did they pay Long Leaf 14 Trading as part of a settlement or did Long Leaf 15 Trading pay them, if you know? 16 A I'm not intimately familiar but, I mean, 17 I think Long Leaf Trading -- 18 MR. MAY: Well, okay. He doesn't want 19 you to guess or speculate, I imagine. 20 THE WITNESS: All right. 21 MR. MAY: So if you know, then you know. 22 A Yeah, I'm not intimately familiar or 23 I don't recall. 24
1 Q Do you remember the names of those 2 customers? 3 A I mean, I think Harish Patel might even 4 be one of them. I'm not sure. 5 Q Do you remember any others? 6 A I couldn't tell you the names. 7 Q So did you ever read those reviews that 8 were posted? 9 A Did I ever read them? 10 Q Yeah. 11 A Possibly. I don't necessarily recall. 12 Q Okay. Other than Harish Patel, were 13 they customers of yours that wrote these reviews? 14 A No, I think there were others. 15 Q All right. And so I think you testified 16 before just now that the reviews the customers wrote 17 were untrue, is that correct? 18 A Yeah. I mean -- 19 Q Okay. So what's your basis for saying 20 that? 21 A Like, for example, somebody will 22 say like, oh, I lost -- like I'm just giving you 23 a hypothetical situation, but they'll say I lost 24 like 80 percent of my money in three months or	Page 266  1 BY MR. BURDEN: 2 Q Well, did anybody tell you? Did you 3 come to know? Like I understand that you didn't 4 pay them or receive money from them, but was there 5 talk of it around the office? Is there anything 6 you recall about it? 7 A Yeah. I think this -- going back 8 to like 135, if you look at the release that 9 Oteh Okey signed, I think I've seen one before of 10 somebody else signing. 11 Q All right. So your recollection is 12 that Long Leaf Trading paid the people who wrote 13 the Google reviews and not the other way around? 14 A Correct. 15 (Whereupon CFTC Exhibit No. 138 16 was marked for identification.) 17 Q Mr. Ruth, I want to hand you what I've 18 marked as CFTC Exhibit 138. Take a look at it for 19 me, if you would, please, and indicate to me when 20 you've finished reviewing it. 21 A I'm ready. 22 Q Mr. Ruth, do you recognize CFTC 23 Exhibit 138? 24 A Yes.

Page 269	Page 271
1 Q Can you tell me what it is, please.	1 Q Was it more than one, let's say?
2 A It's more emails between me and Tim	2 A Yes.
3 Evans post my employment with Long Leaf Trading	3 Q Okay. More than five?
4 Group.	4 A I would assume. I can't say.
5 Q All right. And so this is an email	5 Q All right. So what kind of files
6 that you produced to the CFTC, right?	6 did you put into the Operation Frosty file? Like
7 A Correct.	7 were they Word documents, PDFs?
8 Q So what's Operation Frosty, please.	8 A Yeah, they're Word documents.
9 A We were -- I guess it's just like	9 Q All right. Any other types of files?
10 preparation of documents or preparation for an	10 A Not that I recall.
11 NFA exam.	11 Q All right. Do you remember the names
12 Q Well, you're talking about a file folder	12 of any of those Word docs, like, you know, the file
13 labeled Operation Frosty, right?	13 name?
14 A Yes.	14 A Yeah, they're like order ticket templates.
15 Q So what's in that file folder, please.	15 Q So are order ticket templates the
16 A Just recordkeeping and -- I think it	16 only files that you put in this Operation Frosty
17 was just recordkeeping for the, yeah, for the NFA	17 file folder?
18 exam that we had coming up.	18 MR. MAY: I'm sorry. Could I ask
19 Q All right. Well, it sounds like	19 the court reporter to read back the question.
20 you're saying that something is not good about	20 MR. BURDEN: Sure.
21 Operation Frosty because you write, "Your attempts	(Whereupon the portion of the record
22 to rule over those by installing fear are no longer	22 was read as requested.)
23 effective. During the PC diagnostic did you find	23 A I don't recall.
24 the file folder labeled Operation Frosty? Have	24 Q All right. On whose computer was this
Page 270	Page 272
1 you made the NFA aware of Operation Frosty? It	1 Operation Frosty file folder?
2 is surprising that a person with clear ethical	2 A I think it's in the Cloud.
3 shortcomings would try to imply someone has acted	3 Q So was it a shared, like a shared drive?
4 unethically." So what are you talking about here,	4 A Yeah, you could say that.
5 please.	5 Q And who had access to it?
6 A What am I talking about?	6 A Everybody on the broker team.
7 Q Yeah.	7 Q And that includes you, correct?
8 A I mean, I'm just going back with Tim	8 A Yes.
9 Evans about the fact that I'm upset that he screwed	9 Q Did other people -- do you know
10 me out of my paycheck.	10 if other people on the broker team contributed
11 Q Got it. So when you're talking	11 files to the Operation Frosty file folder?
12 about Operation Frosty or the file folder labeled	12 A I mean, I can't recall specifically but ...
13 Operation Frosty, who gave the file folder that	13 Q All right. I think you testified
14 name?	14 before that Operation Frosty was something to do
15 A I don't recall.	15 with preparation for an NFA audit. Did I get that
16 Q Was it you?	16 right?
17 A I don't recall.	17 A Correct.
18 Q All right. So how many files were in	18 Q All right. So what form did that
19 that folder?	19 preparation take?
20 A I have absolutely no clue.	20 A What do you mean?
21 Q Did you put any files in that folder?	21 Q Well, why was it -- why was there sort
22 A Probably, yeah.	22 of a specially designated folder for this effort?
23 Q Okay. How many files?	23 Why was it called Operation Frosty?
24 A I have no clue.	24 MR. MAY: Okay. That's two questions.

<p style="text-align: right;">Page 273</p> <p>1 Do you want to take them one at a time? Are 2 you aware of both questions that are pending? 3 THE WITNESS: Yeah. 4 MR. MAY: Okay. 5 A So what's the first question? 6 BY MR. BURDEN: 7 Q All right. So how was Operation Frosty 8 used to prepare for an NFA audit? 9 A I think when you -- I'm not a compliance 10 guy, so I don't really deal with the audits. 11 Q No, I understand. 12 A Yeah. 13 Q What do you understand? What do you know? 14 A I think it's just preparing all the 15 things that they're going to ask you for. I think 16 they give you like a checklist of the things that 17 they want, right? 18 MR. MAY: Okay. That sounds like you're 19 asking him a question. 20 A Well, I mean, yeah, I guess I don't know. 21 BY MR. BURDEN: 22 Q All right. So you'll have to forgive 23 my suspicion, though it sounds like you didn't have 24 much to do with it from your testimony. You know,</p>	<p style="text-align: right;">Page 275</p> <p>1 Frosty folder is, but that's really my question. 2 Is it part of a larger drive? Where could we find 3 it? 4 A I have no -- 5 MR. MAY: Didn't he already answer that? 6 MR. BURDEN: No. 7 Q So, Mr. Ruth -- 8 MR. MAY: He actually said that it 9 was in the Cloud or it was a shared drive. 10 MR. BURDEN: Well -- 11 MR. MAY: You're asking him where it is 12 on the computer system. 13 MR. BURDEN: Yeah, that's part of the 14 computer system. Watch this. We'll walk 15 through it and if Mr. Ruth knows, we'll know 16 too soon. And if he doesn't, then we'll move 17 on to the next exhibit. 18 Q So, Mr. Ruth, you testified that 19 this Operation Frosty folder was on the Cloud, 20 is that right? 21 A I believe so, yes. 22 Q All right. So are there other file 23 folders that were on the Cloud that you used at 24 Long Leaf Trading?</p>
<p style="text-align: right;">Page 274</p> <p>1 you say, "Have you made the NFA aware of Operation 2 Frosty?" Why did you write that? Why would it be 3 necessary or good or bad for Mr. Evans to make the 4 NFA aware of Operation Frosty? 5 A I don't necessarily recall why 6 specifically I felt that way at the time. I 7 think it was just kind of in like a heated argument 8 about the fact that I didn't get my paycheck or my 9 paycheck wasn't what I was expecting it to be, and 10 I think I'm just going back and forth trying to 11 score points with him. 12 Q So why would you be scoring points 13 by bringing up this Operation Frosty? It seems 14 to me like it's good to prepare for an NFA audit, 15 and it seems to me like you're suggesting that 16 Operation Frosty is unethical from the next line. 17 Am I reading that right? 18 A That's the thing, is I don't know -- 19 I don't know if preparation for an NFA audit is 20 ethical or unethical because I don't know what was 21 being done or what was presented to the NFA. So 22 I can't answer that question. 23 Q All right. I don't want to ask you 24 what the file directory address for the Operation</p>	<p style="text-align: right;">Page 276</p> <p>1 A Yes. 2 Q Okay. Just for illustrative purposes, 3 what were some of the other file folders that were 4 on the Cloud? 5 A We had Power Point presentations 6 that we used during the solicitation process, 7 and those were represented to us as the official 8 ones from the compliance department that we were 9 allowed to use during the solicitations. 10 Q So you've got Power Points on the Cloud? 11 A Yes. 12 Q What else have you got on the Cloud? 13 A The official script that you had -- 14 we talked about last time. 15 MR. MAY: Do you have a reference 16 number? You don't see it in front of you, 17 do you? 18 THE WITNESS: No, I don't have the 19 exhibit. 20 BY MR. BURDEN: 21 Q Okay. So let's say you're sitting 22 at your computer at Long Leaf Trading. Did you have 23 a computer at Long Leaf Trading? 24 A I did.</p>

<p style="text-align: right;">Page 277</p> <p>1 Q So you log on to your computer, right?      2 You start it up at the beginning of the day?      3 A Yes.      4 Q All right. So how do you navigate to the      5 Cloud?      6 A I would use Office 365.      7 Q All right. So you open Office 365, right?      8 A Yes.      9 Q So how do you get to the Cloud from there?      10 A I mean, it's a tab within the website.      11 Q So like the intranet for Long Leaf Trading,      12 is that right?      13 A I wouldn't necessarily say that.      14 Q All right. What does the tab say that      15 you go to?      16 A I don't know exactly. Shared folder or      17 something? I don't know.      18 Q Okay. So within that shared      19 folder there are a number of other folders,      20 and Operation Frosty is one of those folders,      21 is that right?      22 A I don't know. I don't know. This      23 is two years ago, and I don't know the directory      24 of Long Leaf and I don't know if it's still there.</p>	<p style="text-align: right;">Page 279</p> <p>1 BY MR. BURDEN:      2 Q And Mr. Evans here in Exhibit 139      3 appears to be asking for an accounting of all      4 LLTG scripts, and he asks you to email him a      5 bunch of scripts. And then he writes, "Any and      6 all other versions of documents outstanding need      7 to be deleted." He also writes, "I also need      8 confirmation from you that you are not keeping      9 any of these documents or other Long Leaf material      10 outside of Long Leaf provided accounts."      11 Do you have any knowledge or      12 understanding of why Mr. Evans was asking you to      13 send him all LLTG scripts?      14 A I have no recollection.      15 Q All right. Do you have any knowledge      16 or understanding of why Mr. Evans says that any      17 and all other versions of documents outstanding      18 need to be deleted?      19 A No.      20 Q Do you recall deleting any --      21 or I guess shredding or destroying any scripts      22 or any other promotional documents at Long Leaf?      23 A No.      24 Q No, you didn't do it or no, you don't</p>
<p style="text-align: right;">Page 278</p> <p>1 I don't know. I don't know anything.      2 Q Well, let's put that one aside then,      3 please.      4 A (Witness complies).      5 (Whereupon CFTC Exhibit No. 139      6 was marked for identification.)      7 Q Mr. Ruth, I want to hand you what I've      8 marked as CFTC Exhibit 139. Take a moment to look      9 at the document and tell me -- and I'll ask you if      10 you recognize it, but tell me when you've finished      11 reviewing it, please.      12 A I'm ready.      13 Q Mr. Ruth, do you recognize CFTC      14 Exhibit 139?      15 A No.      16 Q All right. I want to talk about it      17 anyway, if we could, please. So you'll see this      18 is from Mr. Evans to jruth@longleaftrading.com. And      19 Mr. Ruth writes, "Jeremy, I need an accounting for      20 all LLTG scripts" --      21 MR. MAY: Did you say that Mr. Ruth writes?      22 MR. BURDEN: If I did, I meant Mr. Evans.      23 MR. MAY: Okay.      24</p>	<p style="text-align: right;">Page 280</p> <p>1 remember? Sorry.      2 A No, I don't remember.      3 Q All right. Do you have any knowledge      4 or understanding of why Mr. Evans asked you for      5 confirmation that you're not keeping any of these      6 documents, you know, at home?      7 A No, I have no recollection.      8 Q All right. Do you recall any      9 subsequent conversations with Mr. Evans about his      10 request for these scripts or that certain scripts      11 be deleted?      12 A No.      13 Q Do you know if this was -- this      14 email was sent prior to an NFA audit of Long Leaf      15 Trading?      16 A I have no -- I don't recall this email      17 at all.      18 Q Okay. Did you in fact have any scripts      19 or promotional materials at home?      20 A No.      21 Q Let's put that one aside, if we could,      22 please.      23 A (Witness complies).      24</p>

<p>1       (Whereupon CFTC Exhibit No. 140 2                  was marked for identification.)</p> <p>3   Q  Mr. Ruth, I want to hand you what I've 4  marked as CFTC Exhibit 140. And take a moment to 5  look it over, please, and let me know if you recall 6  it.</p> <p>7   MR. MAY: Do we have any idea about the 8  length of this one? It's not consecutively 9  Bates stamped.</p> <p>10   MR. BURDEN: Once again, it kind of is. 11 Remember we'd said last time about control 12 numbers?</p> <p>13   MR. MAY: Right. To me it appears to 14 be about 75 pages.</p> <p>15   MR. BURDEN: Yeah, it's an email and 16 its attachments.</p> <p>17   MR. MAY: My pen just ran out of ink.</p> <p>18   MR. BURDEN: Could we go off the record, 19 please.</p> <p>20      (Discussion off the record.)</p> <p>21   MR. BURDEN: Okay. Back on the record, 22 please.</p> <p>23   MR. MAY: Are you done reviewing it?</p> <p>24   THE WITNESS: Yes.</p>	<p>Page 281</p> <p>1 documents from our compliance department to use in 2 the solicitation for Time Means Money.</p> <p>3   Q  Got it. And so were these documents that 4 you used in connection with your own solicitations?</p> <p>5   MR. MAY: Do you have a time frame that 6 you were going to ask him about?</p> <p>7 BY MR. BURDEN:</p> <p>8   Q  During any period that you worked at 9 Long Leaf Trading.</p> <p>10   A  Yeah, I guess my -- I don't know if I'm 11 answering your question, but my role is to utilize 12 the program solicitation documents that are approved 13 by the compliance department.</p> <p>14   Q  And did you do that?</p> <p>15   A  Yes.</p> <p>16   Q  And you'll have to forgive me if 17 I asked this question last time. But when you 18 refer to the compliance department at Long Leaf 19 Trading, who was that, please.</p> <p>20   A  Tim Evans.</p> <p>21   Q  Anybody else?</p> <p>22   A  No.</p> <p>23   Q  All right. So did you share any of these 24 documents in Exhibit 140 with NFA?</p>
<p>1   MR. BURDEN: Ready to go?</p> <p>2   MR. MAY: Yeah.</p> <p>3 BY MR. BURDEN:</p> <p>4   Q  All right. Mr. Ruth, do you recognize 5 CFTC Exhibit 140?</p> <p>6   A  No.</p> <p>7   Q  All right. So you'll see it purports to 8 be an email from jruth@longleaftrading to Tim Evans 9 dated January 23, 2017. And jruth@longleaftrading 10 was your email address at Long Leaf, correct?</p> <p>11   A  Yes.</p> <p>12   Q  All right. And do you see the subject 13 is Emailing Time Means Money Documents and then 14 there's a zip file attached to it? And the contents 15 of the zip file I will warrant you are the documents 16 that are appended to the cover email in Exhibit 140.</p> <p>17 Do you recall sending this email, Mr. Ruth?</p> <p>18   A  No.</p> <p>19   Q  All right. So you looked over the 20 documents in Exhibit 140, right?</p> <p>21   A  Correct.</p> <p>22   Q  All right. So what are these documents, 23 please.</p> <p>24   A  These documents are the approved</p>	<p>Page 282</p> <p>1   A  I wouldn't do that. That's the compliance 2 department's job.</p> <p>3   Q  And by compliance department you mean 4 Mr. Evans?</p> <p>5   A  Yes.</p> <p>6   Q  All right. So do you know if Mr. Evans 7 ever showed these documents to NFA?</p> <p>8   A  I don't know.</p> <p>9   Q  All right. Let's put 140 aside, if we 10 could, please.</p> <p>11   A  Are we trying to infer that 139 is a 12 response -- or, sorry, 140 is a response to 139?</p> <p>13   Q  Is it?</p> <p>14   A  I've never seen this 139, nor have 15 I ever seen this 140. I mean, I'm not saying I 16 haven't seen like the document. I'm talking about 17 like the actual emailing of these two things so ... 18 But I'm just curious if that's what you're -- I 19 mean, if you look at this, the 16th and the 23rd. 20 I don't think I would take, me personally would 21 take six days to respond to a superior's request 22 for information. So, I mean, that's just not my 23 style.</p> <p>24   Q  So since we're back on 140, do you</p>

1 recall where you obtained these solicitation 2 documents from that you forwarded to Mr. Evans or 3 that the email reflects that --  4 A Yeah. Again, like I don't think 5 I sent this email and I don't think I received 6 this. But these documents, like the reason why 7 this doesn't also make sense to me is because 8 these documents are in the shared folder like in 9 Office 365. So I don't get this whole --  10 Q So you think you didn't send Exhibit 140? 11 A No. 12 Q So why? 13 A Because why would I send something that's 14 already in a shared folder? 15 Q So other than that, do you have any 16 reason to believe that you didn't send 140, that 17 it's a fake document or that maybe that somebody 18 else sent it? 19 A I mean, reading 139, to me -- I don't 20 know why -- but this looks like a CYA type email 21 that was sent. 22 Q By whom? 23 A By Tim Evans and -- 24 MR. MAY: Could you -- I'm sorry.	Page 285  1 a moment to look it over and tell me when you've 2 looked it over, please. 3 A What are these red things that are marked? 4 Q Oh, you know what? I gave you my 5 copy. But you know what, I think you should hang 6 on to it because I think the little red tabs will 7 help us. 8 A All right. 9 MR. MAY: Can I see your version? 10 MR. BURDEN: I don't know that I'm going 11 to ask about the tabbed ones. But if you want 12 to tab them, you can. 13 MR. MAY: Yeah, I was going to. 14 I should have picked a different color tab. 15 Okay. 16 BY MR. BURDEN: 17 Q All right. Mr. Ruth -- 18 MR. MAY: We're ready. 19 BY MR. BURDEN: 20 Q -- do you recognize CFTC Exhibit 141? 21 A Yes. 22 Q Can you tell me what it is, please. 23 A Well, I'd like to correct that. 24 I recognize the attachment, but I don't -- I guess
Page 286  1 Could you state for the record what CYA -- 2 what you mean by when you say CYA? 3 THE WITNESS: Like cover-your-ass type 4 email. 5 MR. MAY: Okay. 6 A That's what it looks like to me. And 7 like he has all this -- like it doesn't make sense 8 because he has all this information because he's the 9 one who approves it. So -- 10 MR. MAY: So there's no reason for him 11 to -- 12 THE WITNESS: Yeah. 13 A And I don't recall ever seeing this 14 email. I don't recall ever sending that, and 15 he's the only one who has access to my email, 16 which we've talked about before. 17 BY MR. BURDEN: 18 Q Yeah. You can put those aside, if you 19 would, please. 20 A (Witness complies). 21 (Whereupon CFTC Exhibit No. 141 22 was marked for identification.) 23 Q All right. Mr. Ruth, I want to hand 24 you what I've marked as CFTC Exhibit 141. Take	Page 288  1 this is an email being sent. 2 Q All right. And it appears to have 3 been sent from jruth@longleaftrading.com, right? 4 A Correct. 5 Q All right. To Tim Evans, right? 6 A Yes. 7 Q So do you remember sending this email? 8 A No. 9 Q All right. But you do recognize the 10 attachment, which is this Custom Version 3 Power 11 Point, right? 12 A Yes. 13 Q All right. So what's the Custom Version 3 14 Power Point, please. 15 A It's the visual Power Point for the 16 custom portion of the solicitation process for the 17 Time Means Money program. 18 Q So this is something that you would 19 show to clients or prospective clients as part of 20 your presentation, correct? 21 A Yes. 22 Q All right. Did you draft or create this 23 Power Point we see? 24 A No.

	Page 289		Page 291
1	Q Who did, please.	1	going on here, please.
2	A Some guy in India.	2	A What do you mean by that?
3	Q What makes you say that?	3	Q Well, this is something that you would
4	A He outsourced it to some guy in India.	4	show to clients, correct?
5	Q Do you remember the guy's name?	5	A Yes.
6	A No. He's like a designer that you find	6	Q So is this meant to show that Long
7	like on like a website.	7	Leaf expects or anticipates that they'll win three
8	MR. MAY: And who's "he"? You said he	8	out of four trades?
9	outsourced it.	9	A No.
10	THE WITNESS: Tim Evans.	10	Q What's it meant to show?
11	BY MR. BURDEN:	11	A It's talking about the -- it's visualizing
12	Q All right. Did this person from	12	that goes along with the words the amount of money
13	India to whom the Power Point presentation was	13	that you -- the 1:2 risk-to-reward ratio.
14	outsourced, did this person email the presentation	14	Q Got it. So what would you say to
15	to you?	15	clients when you showed them this, or prospective
16	A No.	16	clients when you showed them this particular slide,
17	Q So why is this -- do you recall why	17	please.
18	you were sending this presentation to Mr. Evans?	18	A What's ever on the customer --
19	A No clue.	19	Q Well, let's pretend on a client's, if you
20	Q All right. So let's take a look, if	20	would, please.
21	we could, please, at a part of the presentation.	21	A I would have to go to Exhibit 140 in order
22	I want to go sort of to the end, and I bet there's	22	to tell that you.
23	a red tab on it. And it's the page that says	23	Q Okay, great. Let's do that. Very good.
24	Portfolio Management and there's a win column	24	And is that because 140 reflects a script that
	Page 290		Page 292
1	and a lose column.	1	accompanied this slide show?
2	A Um-hmm.	2	A Yes. It says right -- yeah. So let's
3	Q I think it's the fourth from the end,	3	say based on the risk preferences, a person who
4	if you would, please.	4	owned --
5	A I'm ready.	5	MR. MAY: Are you reading from Exhibit 140?
6	MR. MAY: Yes, ready as well.	6	THE WITNESS: Yeah.
7	BY MR. BURDEN:	7	MR. MAY: But these numbers -- these
8	Q All right. So, Mr. Ruth, this portfolio	8	documents aren't sequentially Bates stamped,
9	management page -- what are you looking at there?	9	so we all can't be on the same page as you
10	It looks like you've got a different exhibit.	10	very easily.
11	A Yeah, Exhibit 140.	11	MR. BURDEN: I don't need to be. And,
12	Q Oh, well, let's just look at Exhibit 141,	12	Mr. May, take whatever time you need to get
13	if we could, please.	13	on the same page as Mr. Ruth.
14	A Yep.	14	MR. MAY: Okay. Well, you know, I think
15	Q And if there's something you want to	15	we're about at the hour mark. We still don't
16	talk about with Exhibit 140, we can just go right	16	have any water.
17	back to that.	17	MR. BURDEN: Would you like water?
18	A All right.	18	MR. MAY: Yeah, I would love it.
19	Q All right. So let's look at Exhibit 141,	19	MR. BURDEN: Well, why don't we
20	if we could, please. We're on the fourth page from	20	quickly finish this question and you can
21	the end. It says Portfolio Management. It says	21	do your pitch and I'll secure some water for
22	Win 500, 500, 500 and then it totals to 1500 and	22	both of you.
23	then it says Lose 1,000. That totals to 1,000 and	23	MR. MAY: Okay. So let me see if
24	then there's an equation at the bottom. What's	24	I can't find Exhibit 140 so we're all looking

	Page 293		Page 295
1 at the same page.		1 Q All right. So let's look at the bottom	
2 MS. STREIT: What's the Bates number		2 of this portfolio management slide in Exhibit 141,	
3 at the bottom, the last two digits? Then you		3 please. So it says \$500 times 12 equals 6,000.	
4 can find it.		4 Is this meant to communicate to clients that for	
5 THE WITNESS: 27.		5 a hypothetical portfolio of the type you describe,	
6 MS. STREIT: It says Conclusion on it?		6 they can expect to receive \$6,000 a year?	
7 THE WITNESS: No.		7 A No.	
8 MS. STREIT: No, okay.		8 Q What's it meant to communicate to clients,	
9 MR. MAY: Is there a question pending?		9 please.	
10 I don't think there is.		10 A In the event that you win three	
11 BY MR. BURDEN:		11 and lose one position on a monthly basis in a	
12 Q Yes. The question was, Mr. Ruth, if you		12 hypothetical situation, that -- and you have a	
13 would, please, deliver me the pitch that you would		13 1:2 risk-to-reward ratio and all the assets are	
14 deliver to a client along with the fourth slide from		14 equally weighted, in this hypothetical situation	
15 the end in Exhibit 141.		15 then you would win \$500 per month. And if you	
16 A Yeah. I mean, I think it's --		16 carry that on every single month perfectly in	
17 THE WITNESS: Am I allowed to go there?		17 a hypothetical situation, you would make \$6,000	
18 MR. MAY: If you want to.		18 a year.	
19 A Let's just say based on the risk		19 Q All right. Now, were there any	
20 preferences of a person who owns this hypothetical,		20 real clients that you're aware of who achieved	
21 yeah, theoretical portfolio we're talking about,		21 results such as this at Long Leaf Trading?	
22 that would have us bring in \$500 per position.		22 MR. MAY: I'm sorry.	
23 That would mean each position had a maximum outlay		23 A There's no --	
24 of \$1,000 worst case scenario. If we design our		24 MR. MAY: I'm sorry. Hold on. Didn't	
	Page 294		Page 296
1 positions --		1 you ask him this last time?	
2 MR. MAY: She's got to take down		2 MR. BURDEN: I don't know, but we're	
3 everything that you're saying, so you've got		3 going to ask him again.	
4 to read it not like you're talking to somebody.		4 MR. MAY: Okay. We can keep asking,	
5 You have to read it very slowly so she can take		5 but I think he's answered it.	
6 it all down, so very slowly. So maybe we should		6 A It has nothing --	
7 just start from the beginning.		7 MR. MAY: I'm sorry. Could you read back	
8 THE WITNESS: I mean, can't we just		8 the question.	
9 reference G and H and then just write it in?		9 (Whereupon the portion of the record	
10 Do I have to say it?		10 was read as requested.)	
11 MR. MAY: Yeah, that would be fine.		11 A It's not applicable to this situation.	
12 BY MR. BURDEN:		12 BY MR. BURDEN:	
13 Q Say it, if you would, please.		13 Q Why do you say that?	
14 A All right. So let's say based on		14 A Because what you're -- real results	
15 the risk preferences of a person who owns this		15 and what this is talking about, this is talking	
16 theoretical portfolio we are talking about, would		16 about a hypothetical situation. It has nothing to	
17 have us bring in \$500 per position. That would		17 do with the program.	
18 mean that each position had a maximum outlay of		18 Q Well, set aside Exhibit 141, if you	
19 \$1,000 worst case scenario. If we design our		19 would, please, and just let me ask you the question	
20 positions to bring in \$500 and we've already		20 were there any clients of yours at Long Leaf that	
21 determined the maximum amount of risk exposure		21 made \$6,000 in investment income in a year in --	
22 that we're ultimately going to take on is \$1,000		22 let me finish.	
23 per position because 1:2 is the worst risk parameter		23 MR. MAY: Yeah. You can't answer	
24 we can accept.		24 his question until he's done asking it.	

<p>1 BY MR. BURDEN:</p> <p>2 Q -- in 12 months from Long Leaf Trading?</p> <p>3 A It's not applicable. It has no --</p> <p>4 either you're not understanding what is being said</p> <p>5 here or --</p> <p>6 Q Well, I want to get away from</p> <p>7 Exhibit 141 because I hear what you're saying</p> <p>8 and I understand. But I'm asking you a separate</p> <p>9 question, which is did you have any clients that</p> <p>10 made \$6,000 in profit over the course of a year at</p> <p>11 Long Leaf Trading?</p> <p>12 A It's possible.</p> <p>13 Q Okay. What were the names of those</p> <p>14 clients, please.</p> <p>15 A I don't recall.</p> <p>16 MR. BURDEN: I'll tell you what.</p> <p>17 Let's take a break then, if we could, please.</p> <p>18 I'll fetch you guys some water.</p> <p>19 (Whereupon a recess was taken from</p> <p>20 10:30 a.m., to 10:55 a.m., after</p> <p>21 which the following proceedings</p> <p>22 were had:)</p> <p>23 MR. BURDEN: Back on, please, Mary.</p> <p>24 Thanks.</p>	<p>Page 297</p> <p>1 don't do track records," and you wrote, "Understood.</p> <p>2 How are we going to approach him from here on out?"</p> <p>3 And then Mr. Evans appears to write, "Same as all</p> <p>4 customers. We will have to present him new trade</p> <p>5 rec's as they come out."</p> <p>6 Do you recall any discussions</p> <p>7 with Mr. Evans about providing track records to</p> <p>8 customers?</p> <p>9 A No.</p> <p>10 Q All right. Did you ever provide a track</p> <p>11 record to any customer of yours?</p> <p>12 A Not that I recall.</p> <p>13 Q Was that pursuant to a policy at Long Leaf</p> <p>14 Trading?</p> <p>15 A Yes, I guess.</p> <p>16 Q Why do you say that?</p> <p>17 A Well, there is no track record for what</p> <p>18 we do.</p> <p>19 Q Why do you say that?</p> <p>20 A Because it doesn't meet the requirements</p> <p>21 from like either the CFTC or NFA in regards to track</p> <p>22 records, the style of trading.</p> <p>23 Q All right. So when you say it doesn't</p> <p>24 meet the requirements for the CFTC, what do you</p>
<p>1 (Whereupon CFTC Exhibit No. 142</p> <p>2 was marked for identification.)</p> <p>3 Q All right. Mr. Ruth, I want to hand</p> <p>4 you what I've marked as CFTC Exhibit 142. Take</p> <p>5 a moment to look over the document, please, and let</p> <p>6 me know when you're finished.</p> <p>7 A I'm ready.</p> <p>8 MR. MAY: I'm ready as well.</p> <p>9 BY MR. BURDEN:</p> <p>10 Q Mr. Ruth, do you recognize the documents</p> <p>11 we've marked as CFTC Exhibit 142?</p> <p>12 A No.</p> <p>13 Q All so. Did you and Mr. Evans while</p> <p>14 you were working at Long Leaf Trading use a chat</p> <p>15 system in the office?</p> <p>16 A Possibly.</p> <p>17 Q All right. So I want to show you this</p> <p>18 document and ask you some questions about it. It</p> <p>19 says here -- it says Jeremy Ruth 1:13 p.m., and it</p> <p>20 reflects a chat that says -- and I'm skipping ahead</p> <p>21 in the chat. It essentially says that a customer</p> <p>22 "was looking for a track record and you were trying</p> <p>23 to give him live rec's instead. Did you send</p> <p>24 anything to him?" And Mr. Evans writes, "No, we</p>	<p>Page 298</p> <p>1 mean? What requirements are you referring to?</p> <p>2 A I don't know. I think like it has --</p> <p>3 you know, everybody has to be doing the same thing</p> <p>4 or the same -- I think it more applies to like CTAs</p> <p>5 and CPOs than what we were doing.</p> <p>6 Q So this CFTC requirement that you're</p> <p>7 discussing, did you ever read that requirement, that</p> <p>8 regulation?</p> <p>9 A About track records?</p> <p>10 Q Sure.</p> <p>11 A Yeah, I think it's in -- I don't know</p> <p>12 if it's a CFTC thing. Maybe it's an NFA thing.</p> <p>13 I'm not quite sure, but I've read something about</p> <p>14 it.</p> <p>15 Q All right. And where did you read</p> <p>16 that? Like did you read it at work or somewhere</p> <p>17 else?</p> <p>18 A Yes.</p> <p>19 Q Was this something that Mr. Evans showed</p> <p>20 you?</p> <p>21 A No. I think it was -- I read it in</p> <p>22 preparation for the Series 3.</p> <p>23 Q Okay. Well, let's set aside your</p> <p>24 interpretation of track record for a moment, and</p>

<p style="text-align: right;">Page 301</p> <p>1 I'll ask did you ever provide any of your customers 2 with historical trading results for Long Leaf 3 customers?</p> <p>4 A Not that I recall.</p> <p>5 Q So why not?</p> <p>6 A Why did I not do it?</p> <p>7 Q Yeah.</p> <p>8 A Because, I don't know, past performance 9 isn't indicative of future performance. I don't 10 think it benefits you.</p> <p>11 Q Why don't you think it benefits 12 a person to know what a firm's previous trading 13 history did for their customers?</p> <p>14 A Because you can't -- there's no indication 15 it's going to happen in the future.</p> <p>16 Q But don't you think it would be relevant 17 to customers to know if a firm had no track record 18 or if the historical results for customers was bad?</p> <p>19 Do you think that would be important to a customer?</p> <p>20 MR. MAY: That's --</p> <p>21 A I don't --</p> <p>22 MR. MAY: Hold on. There's two 23 questions pending. Do you want me to have 24 the court reporter read it back to you because</p>	<p style="text-align: right;">Page 303</p> <p>1 collection and things of that nature. So there 2 isn't like a set standard for what is going on. 3 So like the question just doesn't apply to those 4 situations.</p> <p>5 Q Well, you see why I'm asking 6 this question because, you know, it appears 7 in Exhibit 142 like you were asking to provide 8 a customer with a track record. And it sounds 9 like Mr. Evans says -- in fact he writes here, no, 10 we don't do track records. Do you recall any 11 discussions with Mr. Evans about that?</p> <p>12 A I don't think that's what this says 13 at all.</p> <p>14 Q What do you think it says?</p> <p>15 A It says Harry Kaplan -- I think I'm 16 memorializing a conversation with him.</p> <p>17 Q Got it, okay. So what are you 18 memorializing then, please.</p> <p>19 A That Harry Kaplan was a guy that he 20 talked to that wouldn't let you do a real demo 21 and requested that you send him information, was 22 looking for a track record and you were trying to 23 give him live rec's instead. Did you send him 24 anything.</p>
<p style="text-align: right;">Page 302</p> <p>1 I think it's a compound question. So you 2 might be a little confused.</p> <p>3 BY MR. BURDEN:</p> <p>4 Q Are you confused?</p> <p>5 A I'm not confused. You're on both 6 sides of the fence. You're telling me that you 7 don't want me to send out a track record, and then 8 now you're saying why don't you send out a track 9 record.</p> <p>10 Q No, no, no, I'm not telling you anything.</p> <p>11 A Yeah, you are.</p> <p>12 Q I'm just asking you questions.</p> <p>13 MR. MAY: Don't look for any implicit 14 meaning. Just answer his questions, okay?</p> <p>15 A I have no comment.</p> <p>16 BY MR. BURDEN:</p> <p>17 Q All right. Was there a policy at 18 Long Leaf to not provide customers with historical 19 trading results?</p> <p>20 A I can't answer that because there 21 is not historical trading results because it's 22 individualized for each individual person. So 23 there's not -- some people have different strikes. 24 Some people have different, you know, premium</p>	<p style="text-align: right;">Page 304</p> <p>1 Q And so how does Mr. Evans respond in 2 Exhibit 142?</p> <p>3 A "No, we don't do track records."</p> <p>4 Q Do you have any understanding of why 5 Mr. Evans would say that?</p> <p>6 A Why?</p> <p>7 Q Yeah.</p> <p>8 A I mean, you've got to understand I've 9 been a licensed commodity broker here for like 10 30 days. So I think I'm just like learning what's 11 going on.</p> <p>12 Q Okay. So it sounds like you don't know 13 why he said that?</p> <p>14 A I'm asking him how we're supposed to 15 proceed with soliciting this customer, potential 16 customer.</p> <p>17 Q Got it. And did you ever talk 18 to Mr. Evans about providing track records to 19 customers?</p> <p>20 A No.</p> <p>21 Q Why not?</p> <p>22 A Because you -- we don't -- from a 23 solicitation standpoint and the program doesn't fit 24 the requirements to be able to lawfully or within</p>

	Page 305		Page 307
1 regulations provide a track record.		1 Mr. Bruno get back when he closed his account?	
2 Q Did you consult an attorney about that		2 A I don't recall.	
3 question?		3 Q Were you Mr. Bruno's broker?	
4 A Me? No.		4 A Yes.	
5 Q All right. Let's put this one aside,		5 Q All right. And did Mr. Bruno trade	
6 if we could, please.		6 pursuant to the Time Means Money program?	
7 A (Witness complies).		7 A I don't recall.	
8 (Whereupon CFTC Exhibit No. 143		8 Q Did you give your grandfather any special	
9 was marked for identification.)		9 recommendations?	
10 Q I want to hand you what I've marked as		10 A I don't recall.	
11 CFTC Exhibit 143, and take a moment to look it over,		11 Q Where does your grandpa live?	
12 if you would, please.		12 A My grandpa's deceased.	
13 A I'm ready.		13 Q I'm sorry to hear that. Did you have	
14 Q All right. Mr. Ruth, do you recognize		14 any other family members that invested with Long	
15 CFTC Exhibit 143?		15 Leaf Trading?	
16 A No.		16 A No.	
17 Q All right. So I'm going to ask you		17 Q Did you invest with Long Leaf Trading?	
18 some questions about it anyway. Do you recall		18 A When you say "invest with," what do you	
19 this exchange?		19 mean by that?	
20 A No.		20 Q Yeah. I guess the right way to put	
21 Q All right. Exhibit 143 reflects that		21 it is did you give any of your money to Long Leaf	
22 Jeremy Ruth at 8:48 a.m. on November 4, 2015 writes,		22 Trading to trade pursuant to the Time Means Money	
23 "Any word on my grandpa's check?" And it looks like		23 program?	
24 this is a series of messages with Mr. Evans. Do you		24 A No.	
	Page 306		Page 308
1 know what this might be referring to?		1 Q All right. So let's look at the	
2 A I don't recall.		2 second line of Exhibit 143, please. Jeremy Ruth	
3 Q Did your grandpa, your grandfather invest		3 writes, "Also, can I get a performance statement	
4 with Long Leaf Trading?		4 to go over with Art Rieck?" Do you know who Art	
5 A No. He had an account at Long Leaf		5 Rieck is?	
6 Trading.		6 A No.	
7 Q Sorry. He did?		7 Q Let's put this one aside, if we could,	
8 A Yeah, he was a customer.		8 please.	
9 Q Oh, what was your grandfather's name,		9 A (Witness complies).	
10 please.		10 Q Who is Luis Molina?	
11 A Mike Bruno.		11 A He's a broker at Long Leaf. I think	
12 Q Did you have any other family members		12 it's Luis, though.	
13 that had accounts at Long Leaf Trading?		13 Q Oh, thanks. So was he a junior broker	
14 A No.		14 or a senior broker, please.	
15 Q How did your grandfather's account perform		15 A I don't know his title.	
16 at Long Leaf Trading?		16 (Whereupon CFTC Exhibit No. 144	
17 A I don't recall.		17 was marked for identification.)	
18 Q Did you not talk to your grandfather		18 Q All right. I want to hand you what	
19 about it?		19 I've marked as CFTC Exhibit 144. And take a look	
20 A I just don't recall. This was four years		20 at it, please, and tell me when you're done looking	
21 ago.		21 at it.	
22 Q Do you know how much Mr. Bruno invested?		22 MR. MAY: Are you ready, Jeremy?	
23 A I don't know. Maybe \$5,000.		23 THE WITNESS: Yes.	
24 Q All right. And how much of that did		24	

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<p>1 BY MR. BURDEN:</p> <p>2 Q So, Mr. Ruth, I want to direct 3 your attention to the second numbered item on 4 Exhibit 144. If you look at the top, Mr. Molina 5 writes -- it says, "Write three questions you have 6 about Time Means Money, any investment vehicle, 7 geopolitical issues, politics, market correlations, 8 historical events, et cetera," and then it looks 9 like he's writing three questions here.</p> <p>10 Did you ask Mr. Molina to write these 11 three questions?</p> <p>12 A No.</p> <p>13 Q Do you have any knowledge or 14 understanding of why he would have written these 15 questions to you rather than, you know, somebody 16 else?</p> <p>17 A I think if I recall, I don't know 18 specifically, but we would have like a morning 19 meeting. And I think he is giving me questions 20 to -- and I would put questions together from 21 everybody to then ask Tim Evans so that he could 22 like explain the stuff to people.</p> <p>23 Q Got it. So the second item here 24 Mr. Molina writes, "I had a prospect yesterday</p>	<p>1 Q All right. Who's James Hatzigiannis? 2 A He's a broker at Long Leaf. 3 Q All right. So Exhibit 145 appears to be an 4 exhibit from Mr. Hatzigiannis to you and Mr. Prieto, 5 and the subject is Super Team Assignment. Do you 6 have any knowledge or understanding of what super 7 team refers to?</p> <p>8 A Don't recall.</p> <p>9 Q All right. So Mr. Hatzigiannis 10 begins the email by addressing it to you and to 11 Vince, and there's some questions at the bottom 12 and I want to focus in on the last question here. 13 So Mr. Hatzigiannis writes, "If someone says 14 I won't set the appointment unless you tell me 15 your annual return, do we tell him or just not set 16 him?" Did you respond to this question?</p> <p>17 A I don't recall.</p> <p>18 Q Do you recall if anybody else, such as 19 Mr. Prieto, responded to this question?</p> <p>20 A I don't recall.</p> <p>21 Q All right. So, you know, we've 22 been sort of going back and forth about your 23 definition of track record and why you feel like 24 it's not applicable. So I think this might be a</p>
Page 310	Page 312
<p>1 that insisted on a track record. I explained 2 to him that past performance is not indicative of 3 future performance. Also, that everything we do 4 here is custom to each individual, so everyone's 5 return is different. He said he is looking for 6 consistency and without a track record, wouldn't do 7 business. What would be a better way to approach 8 this?" Do you recall answering this question?</p> <p>9 A No.</p> <p>10 Q Do you remember what Mr. Evans' 11 answer was to this question, if he answered it?</p> <p>12 A I don't recall.</p> <p>13 Q All right. Let's put that one aside, 14 if we could, please.</p> <p>15 A (Witness complies).</p> <p>16 (Whereupon CFTC Exhibit No. 145 17 was marked for identification.)</p> <p>18 Q All right. I want to hand you what 19 I've marked as CFTC Exhibit 145, and let me know 20 when you're ready to talk about this, please.</p> <p>21 A I'm ready.</p> <p>22 Q All right. Mr. Ruth, do you recognize 23 CFTC Exhibit 145?</p> <p>24 A No.</p>	<p>1 good jumping-off point to find some common ground 2 on that. Mr. Hatzigiannis talks here about an 3 annual return.</p> <p>4 Did you ever provide an annual 5 return or average annual return for customers 6 in the Time Means Money program to anybody you were 7 soliciting?</p> <p>8 A Not that I recall.</p> <p>9 Q Why not?</p> <p>10 A Because it's not appropriate.</p> <p>11 Q Why do you think that?</p> <p>12 A Because I'm a -- well, I was a licensed 13 commodity broker and it's not appropriate.</p> <p>14 Q But what is your basis for saying that 15 it's not appropriate?</p> <p>16 A I don't know. Everything in that book 17 probably tells you not to.</p> <p>18 Q What book are you referring to?</p> <p>19 A The CFTC Exchange Act, the Commodity 20 Futures Exchange Act.</p> <p>21 MR. MAY: Which color book are you 22 referring to?</p> <p>23 BY MR. BURDEN:</p> <p>24 Q What --</p>

<p style="text-align: right;">Page 313</p> <p>1       MR. MAY: Well, no. That actually is 2       a real question because there are two books 3       over there. 4       THE WITNESS: Both of them. 5       MR. MAY: Okay. 6 BY MR. BURDEN: 7       Q All right. So what provisions 8 of the Commodity Exchange Act or accompanying 9 regulations do you believe make it inappropriate 10 to share average annual returns of customers 11 participating in the Time Means Money program? 12 A Well, I don't know specifically 13 like what sections of the Act or anything of 14 that nature, but there is no average annual return 15 because everybody does -- not everybody has the same 16 trades. And, furthermore, you have people coming in 17 and out of the program at different times and things 18 of that nature so ... 19 Q Well, you had suggested before 20 that you think that there's something in the Act 21 or the regs that would prohibit you from sharing 22 customer returns. Is that what you're getting at? 23 A That would prevent you from sharing 24 customer returns?</p>	<p style="text-align: right;">Page 315</p> <p>1       A No, I -- the compliance officer at my 2 firm told me that. 3       Q And that's Tim Evans? 4       A Yes. 5       Q So Tim Evans told you that you were 6 forbidden from providing average rates of return 7 for customers participating in the Time Means Money 8 program? 9       A I don't know if he said that 10 specifically, but essentially giving people results 11 is not something -- we don't meet the requirements 12 in order to be able to do so. 13       Q Okay. Did Mr. Evans tell you this in 14 like an email or a chat? 15       A I don't recall. 16       Q Do you know when he -- 17       A Actually, I can tell you one time he 18 told me. Going back to Exhibit 142 it says, "No, 19 we don't do track records," on 6/1/2015 at 1:22 p.m. 20       Q No. Yeah, I understand. We talked about 21 that one. 22       A Well, that's an example -- that answers 23 your question. 24       Q Well, what I'm interested in is when</p>
<p style="text-align: right;">Page 314</p> <p>1       Q Yeah. 2       A Yeah. It's my understanding that 3 there's certain things that have to I guess 4 qualify in order for you to be able to put together 5 some sort of document that shows what your annual 6 return is. 7       Q Okay. So -- 8       A And this program and the way that 9 it's run and the customers that are involved and the 10 results, they don't fit in any of the requirements 11 needed to qualify to be able to do so. 12       Q So where did you get that idea from? 13 Did somebody tell you? Did you read it? 14       A The internet, speaking with people. 15       Q Who did you speak with? 16       A Tim Evans. 17       Q Okay. What else? Sorry I interrupted you. 18       A I don't know. Just, again, studying 19 for the Series 3 from like a textbook. I think it 20 says it on like some sort of disclosures and things 21 of that nature. I don't know. It's -- a lot of 22 places. 23       Q All right. Did you consult any attorneys 24 about that?</p>	<p style="text-align: right;">Page 316</p> <p>1       Mr. Evans told you that this was precluded by the 2 CFTC Act or regs. 3       A I don't know specifically. This is four 4 to -- two to four years ago. 5       Q All right. Do you remember if it was a 6 conversation in person? 7       A I don't recall. 8       Q Was anybody else present during -- 9       A I don't recall. 10       Q -- that conversation? You've got to 11 let me finish, if you would, please. Was anybody 12 else present during the conversation? 13       A I don't recall. 14       Q All right. Let's put that one aside, 15 if we could, please. 16       A (Witness complies). 17       Q All right. Mr. Ruth, I want to hand you 18 what I've marked as CFTC Exhibit 110. 19       MR. MAY: 110? Did we use -- is 20 this one of the ones you used last time? 21       MR. BURDEN: No. 22       Q So take a look at it for me, if you 23 would, please, and tell me when you're ready to 24 proceed.</p>

<p>1 MR. MAY: Are you ready, Jeremy?      2 THE WITNESS: Yes.      3 BY MR. BURDEN:      4 Q Mr. Ruth, do you recognize CFTC      5 Exhibit 110?      6 A No.      7 Q All right. So if we look at CFTC      8 Exhibit 110, the first email in the chain purports      9 to be from Jeremy Ruth. It's dated April 27, 2017      10 to Mr. Leeney and Mr. Prieto and the subject is      11 Calls to Review and the email reflects Jeremy      12 Ruth writing, "Bros, here are some calls I think      13 are worth the listen," and then I guess it talks      14 about some calls. Was reviewing calls something      15 that you would do with other brokers at Long Leaf?      16 A What do you mean by reviewing calls?      17 Q Well, the calls that you made were      18 recorded, correct?      19 A Some.      20 Q And you understood that, right?      21 A That some were recorded?      22 Q Yeah.      23 A Yes.      24 Q Well, would you go back and listen</p>	<p>Page 317</p> <p>1 MR. MAY: Do you want to the court      2 reporter to read it back?      3 THE WITNESS: Yeah.      4 MR. BURDEN: You know what, I think      5 I can probably ask it a little bit better.      6 Q So what is the value in getting around      7 the request for a track record?      8 A I don't think -- I think you need to take      9 away the word value.      10 Q Okay. So --      11 A I think the value is in listening to      12 the call.      13 Q You say --      14 A I don't think the value is in getting      15 around a track record.      16 Q But it says, "The value in this call      17 is how to get around a request for a track record."      18 A Yeah. So it's referring to like from      19 a development standpoint that you can get value from      20 this call by learning how to get around a request      21 for a track record.      22 Q All right. But why is that valuable?      23 Like why is that a good thing that other brokers      24 would want to learn?</p>
<p>1 to them by yourself with other brokers?      2 A At times.      3 Q All right. So do you know who Jerry      4 Krantz is?      5 A No.      6 Q All right. So in this email that      7 purports to be from Jeremy Ruth in Exhibit 110      8 it says, "Jerry Krantz: Broker Premier, started      9 from a Pierre fuck-up but the value in this call      10 is how to get around a request for a track record      11 and how to show empathy so he feels you understand      12 him." And you say, "Let me know if you have any      13 questions," and then Mr. Leeney responds, "Thanks,      14 Bra." So did you write this?      15 A It appears so.      16 Q All right. This suggests, or suggests      17 to me anyway, that there's value in getting around      18 a request for a track record and showing empathy.      19 What is that value?      20 A I don't agree with that statement.      21 Q Okay. Well, correct me, if you would,      22 please.      23 A I mean, I don't think you're -- what      24 did you say exactly?</p>	<p>Page 318</p> <p>1 A Because, I mean, you can't give out      2 a track record, and so a lot of people get stumped      3 by that question. And so how to get around it is by      4 telling them that you can't give out a track record      5 and being honest about it.      6 Q All right. Let's put this one aside then.      7 A (Witness complies).      8 (Whereupon CFTC Exhibit No. 146      9 was marked for identification.)      10 Q All right. Mr. Ruth, I want to hand      11 you what I've marked as CFTC Exhibit 146, and please      12 read the document and let me know when you've      13 finished reviewing it.      14 THE WITNESS: Are you ready?      15 MR. MAY: Not yet. Ready.      16 A Yes.      17 BY MR. BURDEN:      18 Q All right. Mr. Ruth, I want to ask you      19 if you recognize CFTC Exhibit 146.      20 A I don't.      21 Q All right. So I'm going to ask you      22 some questions about it anyway. So there's an      23 email here from Mr. Evans dated September 19, 2016      24 to the broker team. Were you a member of that</p>

<p>1 broker team?</p> <p>2 A It appears so.</p> <p>3 Q All right. So Mr. Evans writes here,</p> <p>4 "Going through the numbers, there are some obvious</p> <p>5 and urgent changes that need to be made. First off,</p> <p>6 the junior guys suck on the phone. This needs to</p> <p>7 change and these guys need to know that they need</p> <p>8 to. I did my best today with Mark, Brendan, Luis</p> <p>9 and James to make them understand their performance</p> <p>10 is shit and it needs to change now." Who are Mark,</p> <p>11 Brendan, Luis and James?</p> <p>12 A They're brokers at Long Leaf.</p> <p>13 Q All right. What's Mark's last name,</p> <p>14 please.</p> <p>15 A Couldn't tell you.</p> <p>16 Q What's Brendan's?</p> <p>17 A Maybe Brendan Sears.</p> <p>18 Q Luis is Luis Molina, correct?</p> <p>19 A Yeah.</p> <p>20 Q Yes?</p> <p>21 A Yes.</p> <p>22 Q And James is -- is that James Leeney?</p> <p>23 A That's probably James Hatzigiannis.</p> <p>24 Q Very good, thank you. So are these</p>	<p>Page 321</p> <p>1 do those things?</p> <p>2 A Correct.</p> <p>3 Q What did they do then? That seems like</p> <p>4 the whole job.</p> <p>5 A They would be the beginning stages of</p> <p>6 the sales solicitation process.</p> <p>7 Q Got it. And what are the beginning stages</p> <p>8 real quick?</p> <p>9 A Like setting up an initial appointment</p> <p>10 through like a cold call and running what we call</p> <p>11 like a demonstration.</p> <p>12 Q Okay, thanks. So let's continue on</p> <p>13 in this first paragraph in Exhibit 146. Mr. Evans</p> <p>14 refers to the junior guys' performance as not being</p> <p>15 good and he says, "But it is going to require</p> <p>16 follow-through from you guys to make sure when</p> <p>17 they come back to you as changes people" -- I think</p> <p>18 that's a typo -- "that we go down a different path.</p> <p>19 Let's get rid of the idea we are all pals. They</p> <p>20 work for you. You pay them. They should do what</p> <p>21 you tell them to do. Unless they are producing,</p> <p>22 they are taking money out of your pocket and</p> <p>23 putting it in theirs. This shit isn't supposed</p> <p>24 to work like that, clearly."</p>
<p>Page 322</p> <p>1 the junior guys that Mr. Evans is referring to?</p> <p>2 A I believe so.</p> <p>3 Q All right. So are there junior brokers</p> <p>4 and senior brokers?</p> <p>5 A Yeah, I guess.</p> <p>6 Q So --</p> <p>7 A It's like a team-based environment, yeah.</p> <p>8 Q Got it. So why are Mark, Brendan, Luis</p> <p>9 and James junior guys and you're a senior guy?</p> <p>10 A I think it's just because I've been there</p> <p>11 longer.</p> <p>12 Q Is there a division of roles or was</p> <p>13 there a division of roles between the junior brokers</p> <p>14 and the senior brokers?</p> <p>15 A Yeah. It was, like I said, a team-based</p> <p>16 environment.</p> <p>17 Q All right. So what did the junior</p> <p>18 brokers do that the senior brokers didn't do?</p> <p>19 A Nothing.</p> <p>20 Q What did the senior brokers do that the</p> <p>21 junior brokers didn't do?</p> <p>22 A Communicate with clients and I guess</p> <p>23 broker accounts, if you want to call it that.</p> <p>24 Q Got it, okay. And the junior guys didn't</p>	<p>Page 324</p> <p>1 So Mr. Evans appears to write</p> <p>2 here that you pay them. Did you pay junior brokers?</p> <p>3 A I don't know how to explain this, but</p> <p>4 like he paid them but he would deduct money from us</p> <p>5 to pay them I guess or -- yeah.</p> <p>6 Q So it didn't come out of your pocket?</p> <p>7 A It did.</p> <p>8 Q Okay.</p> <p>9 A Technically. Like it would be on</p> <p>10 your payout, though. It wasn't -- so I think like</p> <p>11 maybe we went like half and half, so I think they</p> <p>12 had like a set salary of like 1500 bucks a month</p> <p>13 or something like that.</p> <p>14 Q So did you have your own junior guys or</p> <p>15 did everyone kind of share them?</p> <p>16 A They kind of shared them I guess,</p> <p>17 but I think his idea originally was we were supposed</p> <p>18 to have our own. I don't think it worked.</p> <p>19 Q So who was originally supposed to be yours?</p> <p>20 A I don't know. I don't recall. I know</p> <p>21 maybe Luis if I -- but then, I mean, I don't know.</p> <p>22 I think I might have had them all. I don't know.</p> <p>23 Q All right. So could you hire or fire these</p> <p>24 junior brokers?</p>

	Page 325		Page 327
1	A I don't know.	1	(Whereupon CFTC Exhibit No. 147
2	Q Did you fire any of these junior brokers?	2	was marked for identification.)
3	A I don't think so.	3	Q All right. Mr. Ruth, I want to hand
4	Q Were any of the junior brokers fired?	4	you what I've marked as CFTC Exhibit 147. Let me
5	A What, like these four?	5	know when you've finished reviewing it, please.
6	Q Any junior broker.	6	MR. MAY: Are you ready, Jeremy?
7	A Oh, I would assume, yeah.	7	THE WITNESS: Yes.
8	Q Well, who?	8	BY MR. BURDEN:
9	A I don't know their names, but there	9	Q Mr. Ruth, do you recognize CFTC
10	was other ones. I mean, I think you try to --	10	Exhibit 147?
11	you know, you hire seven and like some guy doesn't	11	A No.
12	show up. I think he gets fired, you know,	12	Q All right. So it's an email that appears
13	something like that.	13	to be from you from jruth@longleaftrading.com to a
14	Q Well, did you fire anybody?	14	bunch of other people dated February 6, 2017.
15	A I think -- if I recall, maybe one	15	Who is Michael Bauer, please.
16	time Tim had asked me to, you know, like pass	16	A He was a broker at Long Leaf Trading Group.
17	a message to somebody that they were no longer	17	Q All right. So all the guys in the To field
18	working there. But I don't -- I mean, it wasn't	18	are brokers, correct?
19	like I made that decision or anything of that	19	A Yes.
20	nature.	20	Q All right. And the subject is Demo
21	Q And who was it that you passed this	21	Flake Attempting Reschedule New List. And the
22	message to?	22	email reflects that Jeremy Ruth is writing, "Team,
23	A What is this kid -- I don't remember what	23	we have not been doing a good job resetting demos.
24	the kid's name was.	24	The resets are not of quality and they are not
	Page 326		Page 328
1	Q And was he a junior broker?	1	happening. To change this outcome I have created
2	A Yeah.	2	a new dialer list for all of you to access entitled
3	Q All right. Did you get to hire any	3	'Demo Flakes - Be Relentless.'" Is this something
4	junior brokers?	4	that you wrote?
5	A No.	5	A It appears so.
6	Q Did you get to interview any prospective	6	Q So this Demo Flakes Be Relentless dialer,
7	junior brokers?	7	what's that, please.
8	A I would sit in like with Tim on interviews	8	A It's like a -- through the CRM you
9	sometimes.	9	can create lists for, you know, people to call.
10	Q Did you have like a say in who got hired,	10	Q And did you do that here?
11	like a vote or input?	11	A That's what it says, yeah.
12	A Not that I'm aware of.	12	Q All right. So jumping to the next
13	Q Well, did you tell Mr. Evans who	13	paragraph the email says that Mr. Ruth is writing,
14	you thought did well or didn't do well or who he	14	"We need to hit this list and hit it hard. If
15	should hire or not?	15	you are smart, you would go ham on this list sooner
16	A No.	16	rather than later. It's first come first served.
17	Q So why did you sit in on the interview	17	I'll be keeping stats on this list and making
18	then?	18	adjustments to my strategy in regards to demo
19	A I don't -- I mean, I don't know.	19	flakes attempting reschedule based on those stats."
20	Q All right. Let's put this one aside,	20	How did you keep track of these stats, please.
21	if we could, please.	21	A I don't recall.
22	A (Witness complies).	22	Q What adjustments did you make to the
23		23	strategy regarding demo flakes?
24		24	A I don't recall.

<p>1 Q Was this program a success?</p> <p>2 A I don't recall.</p> <p>3 Q So why are you the guy that's</p> <p>4 sort of taking charge of this attempt to reduce</p> <p>5 demo flaking?</p> <p>6 A Why am I?</p> <p>7 Q Yeah.</p> <p>8 A Well, it's a team-based environment.</p> <p>9 So these guys set demos and if the people don't show</p> <p>10 up, then I don't have anything to do. So I probably</p> <p>11 wanted something to do.</p> <p>12 Q All right. Let's put that one aside,</p> <p>13 if we could, please.</p> <p>14 A (Witness complies).</p> <p>15 Q All right. So, Mr. Ruth, how were</p> <p>16 your customers at Long Leaf Trading able to keep</p> <p>17 track of the profit and loss from their trading?</p> <p>18 A How were they?</p> <p>19 Q Yeah.</p> <p>20 A I would assume from their account</p> <p>21 statements.</p> <p>22 Q Okay. So the customers get account</p> <p>23 statements from -- when you were there -- Gain,</p> <p>24 right?</p>	<p>Page 329</p> <p>1 MR. MAY: Okay.</p> <p>2 THE WITNESS: I don't think that's a me</p> <p>3 issue or a Long Leaf issue, though.</p> <p>4 MR. MAY: Yeah. I think you said it was --</p> <p>5 THE WITNESS: Yeah.</p> <p>6 BY MR. BURDEN:</p> <p>7 Q So this is what I want to ask about.</p> <p>8 I'm not allowed to have an opinion on this in</p> <p>9 testimony, but you can imagine what it is since</p> <p>10 everybody thinks that these Gain statements are</p> <p>11 confusing and difficult to follow. And you think</p> <p>12 that, right?</p> <p>13 A I did at one time, yeah.</p> <p>14 Q Yeah. But you get them now?</p> <p>15 A Yeah.</p> <p>16 Q But imagine if you're a retail</p> <p>17 customer, it would be hard to make heads or tails</p> <p>18 of. Do you think that's right?</p> <p>19 A Yeah, I agree.</p> <p>20 Q All right. So my question is why</p> <p>21 didn't Long Leaf as a company -- I'm not talking</p> <p>22 about you in particular necessarily, though we'll</p> <p>23 get to that. So did you -- do you have an</p> <p>24 understanding of why Long Leaf didn't tell clients</p>
<p>1 A Yes.</p> <p>2 Q All right. So did they get any kind</p> <p>3 of statement from Long Leaf saying how they're</p> <p>4 doing?</p> <p>5 A No.</p> <p>6 Q Why not?</p> <p>7 A Because the official record of their</p> <p>8 account is the account statement.</p> <p>9 Q All right. Did customers express</p> <p>10 confusion to you about the account statements they</p> <p>11 received from Gain?</p> <p>12 A Yes.</p> <p>13 Q Was that a fairly frequent occurrence?</p> <p>14 A I think it's a frequent occurrence for</p> <p>15 everybody who has a futures account.</p> <p>16 Q Why is that?</p> <p>17 A Because the statements are confusing.</p> <p>18 Q All right. You just saved yourself four</p> <p>19 exhibits.</p> <p>20 MR. MAY: Want to share them with me just</p> <p>21 in case I want to use them?</p> <p>22 MR. BURDEN: Yeah. I mean, they're</p> <p>23 customers complaining about how the statements</p> <p>24 are confusing.</p>	<p>Page 330</p> <p>1 sort of how they were doing on a day-to-day or</p> <p>2 month-to-month or trade-by-trade basis?</p> <p>3 A Well, the official record of the</p> <p>4 account is the account statement. So I don't</p> <p>5 think you're allowed to within regulations provide</p> <p>6 them anything else besides their account statement</p> <p>7 and --</p> <p>8 Q So -- sorry.</p> <p>9 A So they had daily statements.</p> <p>10 They have access to a platform that can show</p> <p>11 them I guess what's going on in real time.</p> <p>12 I mean, there's many different ways that they</p> <p>13 could obtain that information, and I think it's</p> <p>14 the responsibility of the client to know what</p> <p>15 they're doing as well.</p> <p>16 Q All right. Well, let me ask you this.</p> <p>17 Did you ever ask Mr. Evans why Long Leaf didn't</p> <p>18 just tell customers how the trades did after they</p> <p>19 closed?</p> <p>20 A Did I ever ask him why?</p> <p>21 Q Yeah.</p> <p>22 A Not that I recall.</p> <p>23 Q Did you ever wonder?</p> <p>24 A I mean, I already know the answer,</p>

<p>1 thought. So --</p> <p>2 Q What's the answer? What's the answer?</p> <p>3 A You can't provide a client anything outside</p> <p>4 of the account statement.</p> <p>5 Q Why do you think that?</p> <p>6 A Because I think that's the rules and</p> <p>7 regulations call for that.</p> <p>8 Q Well, what rules or regulations say that?</p> <p>9 A I don't know specifically, but I know</p> <p>10 it's somewhere in there.</p> <p>11 Q All right. So is this something that</p> <p>12 somebody told you? Did you find it yourself?</p> <p>13 A I've -- in preparation for the Series 3,</p> <p>14 I think I read about it. I've read about it in</p> <p>15 other things. Look at -- reading NFA complaints</p> <p>16 and decisions I get the impression that, you know,</p> <p>17 people are giving false statements to clients.</p> <p>18 I don't know. Reading about Bernie Madoff and</p> <p>19 him providing false statements to his clients,</p> <p>20 I think --</p> <p>21 Q Well, I want to --</p> <p>22 A -- it's pretty obvious that you</p> <p>23 shouldn't give anybody anything except for the</p> <p>24 official statement of their account, which is a</p>	<p>Page 333</p> <p>1 about, no, that would be it.</p> <p>2 Q All right. What about after the time</p> <p>3 period?</p> <p>4 A I mean, Ryan Griffith told me.</p> <p>5 Q All right. And who's Ryan Griffith?</p> <p>6 A He's an AP at Postrock Trading Group.</p> <p>7 Q All right. Anybody else tell you that</p> <p>8 you can't share true information with customers</p> <p>9 about account performance?</p> <p>10 A No.</p> <p>11 Q All right. So when Mr. Evans</p> <p>12 told you that you can't provide customers with</p> <p>13 truthful information about how their trades did --</p> <p>14 A Oh, that's not what I'm saying.</p> <p>15 Q Okay. What are you saying?</p> <p>16 A I'm saying that you can't make</p> <p>17 a document, outside of their account statement,</p> <p>18 and send it to them that has anything to do with</p> <p>19 account performance.</p> <p>20 Q Got it, okay. So did Mr. Evans tell</p> <p>21 you that?</p> <p>22 A Yes.</p> <p>23 Q When did he tell you that?</p> <p>24 A Since the day I started.</p>
<p>Page 334</p> <p>1 statement provided by Gain Capital which is sent</p> <p>2 to them.</p> <p>3 Q So I want to push --</p> <p>4 A And we confirm that they can open the</p> <p>5 statements and that they've read statements and</p> <p>6 things of that nature periodically throughout the</p> <p>7 account.</p> <p>8 Q So I want to push back on that a little</p> <p>9 and explore. Certainly you can't provide customers</p> <p>10 with false statements. You understand that, right?</p> <p>11 A Yes.</p> <p>12 Q But what about true statements</p> <p>13 of how their trades did? Your testimony is that</p> <p>14 you believe it's against the rules?</p> <p>15 A Yes.</p> <p>16 Q All right. What rules is it against?</p> <p>17 A I don't know specifically.</p> <p>18 Q Did somebody tell you it was against</p> <p>19 the rules?</p> <p>20 A Yes.</p> <p>21 Q Who told you that?</p> <p>22 A Tim Evans.</p> <p>23 Q Anybody else?</p> <p>24 A During the time period that we're talking</p>	<p>Page 336</p> <p>1 Q All right. Well, am I going to find</p> <p>2 any emails or texts or chats?</p> <p>3 A I don't recall.</p> <p>4 Q All right. Did he tell you this verbally?</p> <p>5 A I don't recall.</p> <p>6 Q Do you recall if there were other people</p> <p>7 there when he told you this?</p> <p>8 A A lot of times when things were</p> <p>9 communicated of this nature, it would be like</p> <p>10 senior brokers around. So it could be Tony Klancic,</p> <p>11 Vince Prieto, James Leeney. I don't recall</p> <p>12 specifically, but those would be the people.</p> <p>13 Q Got it. Did you consult an attorney</p> <p>14 with respect to this? Did you ever ask an attorney,</p> <p>15 hey, is it okay to provide customers with things --</p> <p>16 A No, I never had an attorney as an</p> <p>17 AP. I have a compliance department. I go to</p> <p>18 the compliance department. If I have any questions,</p> <p>19 the compliance officer tells me that is the rule</p> <p>20 of the law.</p> <p>21 Q All right. And that compliance department</p> <p>22 is Tim Evans, right?</p> <p>23 A Yes.</p> <p>24 Q Is Tim Evans an attorney, do you know?</p>

<p>1 A Not that I know of.</p> <p>2 Q Did you ever call the NFA and ask if it 3 was okay to provide --</p> <p>4 A No, it's not -- it's inappropriate 5 because it's -- again, I have an internal compliance 6 department. I go to the compliance department. 7 The compliance department tells me what to do.</p> <p>8 Q So you never called the NFA and asked?</p> <p>9 A No. It's not appropriate for an AP 10 to do that because an AP has a chain of command, 11 which is to go to your compliance department.</p> <p>12 Q Well, I want to push back a bit 13 on this, your view that it's inappropriate, 14 or let's say explore it. So you think that it's 15 inappropriate for you to ask questions of the NFA 16 because there's a chain of command?</p> <p>17 A Yes.</p> <p>18 Q But do you think that the NFA would have 19 refused to answer your question?</p> <p>20 A I don't even know if there's a form for 21 the NFA to answer my question as an AP.</p> <p>22 Q Well, they have a phone number, right?</p> <p>23 A Correct.</p> <p>24 Q And they have a market regulation</p>	<p>Page 337</p> <p>1 BY MR. BURDEN:</p> <p>2 Q All right. Mr. Ruth, do you recognize 3 the emails in Group Exhibit 148?</p> <p>4 A No.</p> <p>5 Q So I want to ask you some questions about 6 them anyway. Let's turn, if we could, please, to 7 the second and third emails in the exhibit. I'm not 8 going to ask you about the first one. If you look, 9 there's an email from jruth@longleaftrading.com 10 dated June 22, 2017 to this odd string of characters 11 and numbers at route@ihance.net. Do you know what 12 that is?</p> <p>13 MR. MAY: I'm sorry. Could you -- 14 are you referring -- there's two emails 15 apparently to that email address. Are you 16 referring to the one at 12:21 p.m. or to the 17 one at 11:57 a.m.?</p> <p>18 MR. BURDEN: Well, let's just say 19 12:21 p.m. because it's the same for both.</p> <p>20 Q I just want to ask if you know what this 21 address is.</p> <p>22 A No.</p> <p>23 Q All right. So it says Subject: 24 Long Leaf Trading Group Position Update and it</p>
<p>1 department that you're familiar with, correct?</p> <p>2 A No, I'm really not. Do they actually 3 have one?</p> <p>4 Q Well, you've recently been subject 5 I understand to some interviews by NFA, correct?</p> <p>6 A Yes.</p> <p>7 Q And do you know what division of the 8 NFA that was or what department?</p> <p>9 A No clue. Is that who I would call, 10 though?</p> <p>11 Q I can't answer your questions, 12 but I'll bet you can talk to your counsel about 13 it.</p> <p>14 A All right.</p> <p>15 (Whereupon CFTC Exhibit No. 148 16 was marked for identification.)</p> <p>17 Q All right. Mr. Ruth, I want to show you 18 what I've marked as CFTC Exhibit 148. And please 19 review the document and indicate for me when you've 20 finished reviewing it. And I should have mentioned 21 148 is a group exhibit.</p> <p>22 MR. MAY: I'll be ready in a few minutes.</p> <p>23 Are you ready, Jeremy?</p> <p>24 THE WITNESS: Yes.</p>	<p>Page 338</p> <p>1 says Barry. Did you have a customer named Barry?</p> <p>2 A Not that I recall.</p> <p>3 Q All right. So let's look, if we 4 could, please, to the second paragraph. And I 5 want to focus on the last couple sentences in this 6 paragraph. And the email reflects that Mr. Ruth is 7 writing, "When we are holding positions and a market 8 turns unexpectedly, obviously it's not a good thing. 9 But when we are then reinitiating the portfolio, 10 we are now capturing that existing volatility with 11 higher premiums on our option sales. This is why 12 we tend to perform well coming out of these periods 13 where we take a loss." Did you write that?</p> <p>14 A James Leeney wrote it.</p> <p>15 Q Well, what does that mean?</p> <p>16 A What do you mean?</p> <p>17 Q Well, did he send this email? Did you 18 send the email?</p> <p>19 A I think it's -- he writes -- I think 20 going back to the first one, he like writes these.</p> <p>21 Q Yeah, so don't let this first one 22 trip you up. I'm not sure why I attached it to 23 the group exhibit. I'll just be honest with you --</p> <p>24 A I know. But James Leeney -- like I don't</p>

<p>1 do -- I wouldn't do market stuff.</p> <p>2 Q Got it.</p> <p>3 A So like he would write these emails</p> <p>4 and then I would, you know, sometimes send it out</p> <p>5 to the clients before I got on the phone with them.</p> <p>6 Q All right. So now you'll see that</p> <p>7 this email from Mr. Leeney to you, the first email</p> <p>8 in 148, it's dated June 23, 2017.</p> <p>9 A Yeah.</p> <p>10 Q And you're sending these out on the</p> <p>11 22nd. I put these together, and maybe I shouldn't</p> <p>12 have done. That's the nature of a group exhibit.</p> <p>13 I just want to make sure that you're testifying from</p> <p>14 memory and not because you're looking at my goofy</p> <p>15 exhibit and trying to figure out what it means.</p> <p>16 A Yeah. I'm not saying that this</p> <p>17 specific -- this is an example of an email that</p> <p>18 he would send to me and then I would take -- like</p> <p>19 copy, you know, portions of --</p> <p>20 MR. MAY: You're pointing to a page.</p> <p>21 Perhaps we should identify which page in</p> <p>22 Group Exhibit 148 that you're pointing to.</p> <p>23 BY MR. BURDEN:</p> <p>24 Q All right. So I think I can help</p>	<p>Page 341</p>	<p>1 A Again, he sends like a blanket email</p> <p>2 that's similar to the one on the first page, and</p> <p>3 then I pick like a portion of it to put into my</p> <p>4 message.</p> <p>5 Q Got it. So is that Mr. Leeney's like</p> <p>6 assigned job? Like why does --</p> <p>7 A No, it was just --</p> <p>8 Q -- he do that?</p> <p>9 A This is like a month or two before</p> <p>10 I left. And, you know, I believe we were getting</p> <p>11 more concerns about like performance, and these are</p> <p>12 trades that I didn't like design or I didn't have</p> <p>13 anything to do with. So I'm just lending him</p> <p>14 this like process of transferring information.</p> <p>15 So I think it was more of he was assisting in that</p> <p>16 because he's like the market guy I guess or next</p> <p>17 in line to Tim.</p> <p>18 Q All right. So when you talk about</p> <p>19 concerns with performance I think you said, what</p> <p>20 concerns did you have?</p> <p>21 A I didn't have concerns.</p> <p>22 Q So what are you talking about?</p> <p>23 A Like a client would come to me and</p> <p>24 ask me more questions. Like they were asking</p>	<p>Page 343</p>
<p>1 with this. So let's take a look, if we could,</p> <p>2 please, at the --</p> <p>3 MR. MAY: Well, I cut you off, Jeremy.</p> <p>4 Did you want to keep going? I mean, I just</p> <p>5 wanted you to clarify you were pointing to</p> <p>6 the first page --</p> <p>7 THE WITNESS: Yeah.</p> <p>8 MR. MAY: -- of Group Exhibit 148.</p> <p>9 A The email would have been sent by me.</p> <p>10 The content of the email is written essentially</p> <p>11 by James Leeney. This specific -- I'm not saying</p> <p>12 that because of the, you know --</p> <p>13 BY MR. BURDEN:</p> <p>14 Q Got it, okay. That's what I'm making</p> <p>15 sure of.</p> <p>16 A Because of this email, but like this</p> <p>17 type of language isn't -- it's not necessarily</p> <p>18 mine.</p> <p>19 Q Got it. All right. So looking at</p> <p>20 this portion of Exhibit 148, it's Bates labeled</p> <p>21 Long Leaf Trading 362715, and that's the email from</p> <p>22 Jeremy Ruth sent June 22, 2017. So your testimony</p> <p>23 is that you sent this email but Mr. Leeney wrote</p> <p>24 the text?</p>	<p>Page 342</p>	<p>1 me deeper questions at the time about specifics</p> <p>2 about the actual trade, and so I reached out to</p> <p>3 other people to gather that knowledge because I</p> <p>4 didn't have it firsthand because they're not my</p> <p>5 trades.</p> <p>6 Q Got it. So I want to point to this</p> <p>7 last sentence -- I was going with this before --</p> <p>8 where you say "we tend to perform well coming</p> <p>9 out of these periods where we take a loss." So</p> <p>10 is that sort of Mr. Leeney's verbiage?</p> <p>11 A Yeah. I think what he's saying is</p> <p>12 is that you're getting lots of volatility at</p> <p>13 the end of the option period, which is bad for</p> <p>14 the current positions, but it's good for the next</p> <p>15 positions because of the fact that if there's an</p> <p>16 increase in volatility, that means there's increase</p> <p>17 in premium collection, which means that when you</p> <p>18 do win, you can win more and when you lose, you</p> <p>19 can lose less because of the fact that you're</p> <p>20 collecting more premium.</p> <p>21 Q All right. And did that happen for</p> <p>22 customers while you were at Long Leaf Trading?</p> <p>23 Did their accounts tend to perform better coming</p> <p>24 out of losing trades?</p>	<p>Page 344</p>

	Page 345		Page 347
1 A I think there's times, yeah.		1 know --	
2 Q And when were those times?		2 MR. MAY: Check in with the office.	
3 A I couldn't tell you specifically.		3 MR. BURDEN: -- when you guys are ready	
4 Q How many times did that happen,		4 to talk about this one, please.	
5 that there was better performance after a period		5 MR. MAY: This is Exhibit 149?	
6 of loss?		6 MR. BURDEN: Correct.	
7 A I couldn't tell you specifically, but it		7 MR. MAY: Are you ready, Jeremy?	
8 happened.		8 THE WITNESS: Yes.	
9 Q All right. Let's put this one aside,		9 BY MR. BURDEN:	
10 if we could, please.		10 Q All right. Mr. Ruth, do you recognize	
11 A Just to reiterate, all of these		11 CFTC Exhibit 149?	
12 communications that like when somebody does --		12 A Yes.	
13 like, for example, James Leeney is designing		13 Q What is it, please.	
14 that email, that's all being routed through the		14 A It's an email --	
15 compliance department before it's going out to		15 Q All right.	
16 a customer and being approved. So it's not --		16 A -- chain.	
17 nothing like goes to a customer without it being		17 Q And who's Chris Zolton?	
18 approved by the compliance department.		18 A He was a customer of mine.	
19 Q And by that you mean Mr. Evans?		19 Q All right. So Exhibit 149 reflects	
20 A Yes.		20 Mr. Zolton writing to you and he says, "Hi, Jeremy.	
21 (Whereupon CFTC Exhibit No. 149		21 What kind of return are we looking for? Was it	
22 was marked for identification.)		22 12 percent annually or monthly? Chris." And you	
23 Q All right. I want to hand you what		23 see the email at the top which says, "You will get	
24 I've marked as CFTC Exhibit 149. And take a minute		24 to design that. Normally with a 10K account my	
	Page 346		Page 348
1 with it, please, and let me know when you've		1 clients target \$500 to \$1,000 per month. Obviously	
2 looked at it.		2 there are going to be months where we don't win,	
3 MR. MAY: Hey, Ashley, we're about at		3 but getting an average of win in that range is	
4 the 1 hour and 15-minute mark. Do we -- and		4 a realistic target." So did you write that top	
5 it's around lunchtime. Do we have an idea about		5 bit?	
6 maybe when we're going to take a break, how long		6 A It appears so.	
7 we're going to break?		7 Q All right. So how many of your	
8 MR. BURDEN: I mean, we're doing great		8 clients at Long Leaf Trading had an average win	
9 here. If you want to take a break after this		9 rate of 12 percent?	
10 exhibit, I'm happy to do that. We'll come back		10 A Well, if you read what I'm --	
11 and do --		11 MR. MAY: I'm sorry. Did you --	
12 MR. MAY: Okay. I think maybe		12 was the question an average win rate of	
13 when we're off the record, maybe we could		13 12 percent?	
14 go through the exhibits that maybe I plan on		14 MR. BURDEN: Sure.	
15 using this afternoon and narrow them down.		15 A I'm not -- I don't know. I don't --	
16 MR. BURDEN: Okay.		16 I mean, you're inferring that by my statement	
17 MR. MAY: But we don't have to do that		17 I'm saying that I represented that to him, which	
18 on the record.		18 I didn't.	
19 MR. BURDEN: All right. Well, I'll		19 Q Okay. Well, you say here, "Normally	
20 tell you what. Do you want to do a break		20 with a 10K account my clients target \$500 to \$1,000	
21 after this exhibit?		21 a month. Obviously there are going to be months	
22 MR. MAY: I think it's, yeah, probably		22 where we don't win, but getting an average of win	
23 time. I probably want to check my emails.		23 in that range is a realistic target."	
24 MR. BURDEN: Great, okay. So let me		24 So what customers did you have	

<p style="text-align: right;">Page 349</p> <p>1 that had an average win of let's say 500 to \$1,000      2 per month?      3 A Again, I'm not saying that.      4 Q Okay. So what are you saying here?      5 Help me out with this, please.      6 MR. MAY: Well, okay. Is the question      7 what's written on Exhibit 149 or is the question      8 what he recalls?      9 MR. BURDEN: It's not either one of those      10 things.      11 Q Mr. Ruth, set me straight. What are you      12 talking about in this email?      13 MR. MAY: Do we -- I'm sorry. That's      14 another question. Is the prior question      15 stricken because now I think there's multiple      16 questions floating --      17 MR. BURDEN: Are you going to be      18 really formal about investigative testimony?      19 MR. MAY: No. I just want to -- I just      20 want to make sure that --      21 MR. BURDEN: What are you doing here?      22 Are you objecting? Are you just talking?      23 MR. MAY: Well, okay. No, I'm not      24 objecting. I'm observing that it might be --</p>	<p style="text-align: right;">Page 351</p> <p>1 A That's not what I'm saying.      2 MR. MAY: Okay. Do you mind if      3 I actually state that you've kind of been      4 asking him that since the last time, and this      5 time --      6 MR. BURDEN: So is this an objection?      7 MR. MAY: It is not.      8 MR. BURDEN: What do you think is going      9 to happen with it then?      10 MR. MAY: Well, okay. My point is      11 is that he's answered the question each and      12 every time.      13 MR. BURDEN: Have you seen this exhibit      14 before?      15 MR. MAY: This exhibit?      16 MR. BURDEN: Yes.      17 MR. MAY: Okay. But you're asking him      18 how many of his clients, and every time he's      19 asked -- you've asked him that question he said      20 he can't recall and he gives you the reasons      21 why he can't recall.      22 MR. BURDEN: Yeah, I don't think      23 that was his testimony. I think we're still      24 working through this.</p>
<p style="text-align: right;">Page 350</p> <p>1 his response might be difficult later when      2 we're looking at the transcript to see which      3 response he's responding to if there are      4 multiple questions pending.      5 MR. BURDEN: Yeah, let's assume      6 there's one pending at a time and it's the      7 last question I asked. So --      8 MR. MAY: I'm okay with that.      9 MR. BURDEN: -- to accommodate you,      10 Mr. May, I'll make it very clear that previous      11 questions are stricken.      12 MR. MAY: Thank you.      13 BY MR. BURDEN:      14 Q And, Mr. Ruth, I would like you to      15 tell me what you're communicating to Mr. Zolton      16 in this email.      17 A I am telling him that based off      18 of the premium collection of my clients who have      19 \$10,000 accounts, that it is possible for a win to      20 be in the range of 500 to \$1,000 when that does --      21 when there is a win because of the fact of the      22 premium collection.      23 Q All right. And so for how many of your      24 clients did this happen for?</p>	<p style="text-align: right;">Page 352</p> <p>1 MR. MAY: I think you're ignoring all      2 the other exhibits then.      3 MR. BURDEN: Have you seen this exhibit      4 before?      5 MR. MAY: No.      6 MR. BURDEN: Was this used previously?      7 MR. MAY: No, I don't think it was.      8 MR. BURDEN: No, it wasn't. That's right.      9 MR. MAY: Right.      10 MR. BURDEN: So we're going to go      11 through this one just like the rest of them,      12 and there's more.      13 MR. MAY: Okay. I'm sure there are      14 but, I mean -- okay. I just think that,      15 again, I think --      16 MR. BURDEN: I know what you think.      17 MR. MAY: -- his testimony's not going      18 to change no matter how many exhibits you      19 show him because he's given you reasons why      20 he can't recall. And you're upsetting his dog.      21 MR. BURDEN: Yeah. I want the record      22 to reflect that Mr. Ruth brought his dog.      23 Q Is that correct, Mr. Ruth?      24 A Yes.</p>

<p style="text-align: right;">Page 353</p> <p>1 MS. STREIT: I'm surprised he was let 2 into the building.</p> <p>3 MR. MAY: Yeah. Maybe now that that's 4 reflected, that Mr. Ruth's dog is in an airline 5 container where the dog is not able to leave 6 the bag I guess is the best way to describe 7 it -- I've never had this happen before.</p> <p>8 MR. BURDEN: The CFTC has no objection 9 to the dog and doesn't care at all.</p> <p>10 Q All right. So let's return, if we 11 could, please, to Exhibit 149. How many of your 12 clients at Long Leaf Trading enjoyed wins of 500 13 to \$1,000 per month?</p> <p>14 A I would -- every single one of them.</p> <p>15 Q All right. And so did they have an 16 average win rate of 500 to \$1,000 a month over the 17 course of the life of their accounts?</p> <p>18 A No, but that's not what's being 19 represented in this statement.</p> <p>20 Q So what are you trying to tell Mr. Zolton?</p> <p>21 A That based off of the premium 22 collection that you can get with a \$10,000 23 account and the four positions, that I can say 24 it's realistic for -- in the event that you were</p>	<p style="text-align: right;">Page 355</p> <p>1 accounts?</p> <p>2 A I don't -- that's not -- I'm saying 3 that in the event let's say you have a winning 4 month, it is realistic for that winning month to 5 be in the range of 500 to \$1,000.</p> <p>6 Q Got it. So let's put that aside 7 for a second and let me just ask you separate 8 and apart from Exhibit 149 --</p> <p>9 A Okay.</p> <p>10 Q -- how many of your clients had 11 an average profit of 500 to \$1,000 per month in 12 their account over the life of the account?</p> <p>13 A That's -- I don't -- again, this 14 is going back to my previous testimony is that 15 we only look at one month at a time.</p> <p>16 Q But it says here -- and I've got 17 to push back on this a little bit. You're talking 18 about an average and that's why I'm focused on 19 averages. So how many of your clients had average 20 profits of 500 to \$1,000 per month in their account 21 over the life of the account?</p> <p>22 A Well, that's not the intention of 23 the statement. The intention of the statement 24 is to say that in the event that you have a winning</p>
<p style="text-align: right;">Page 354</p> <p>1 to have a winning month, that it could be within 2 that 500 to \$1,000 range.</p> <p>3 Q All right. So I want to draw attention 4 to your use of the word average, and that's sort 5 of the source of my line of questioning here. You 6 write, "Obviously there are going to be months where 7 you don't win, but getting an average of win in that 8 range is a realistic target."</p> <p>9 So when you talk about an average 10 of win in that range, do you mean an average of win 11 in the 500 to \$1,000 a month range?</p> <p>12 A Can you repeat the question?</p> <p>13 Q Sure. So when you talk about getting 14 an average of win in that range, the range you're 15 referring to is 500 to \$1,000 per month, is that 16 correct?</p> <p>17 A Yeah, but you're taking out the word "is a 18 realistic target."</p> <p>19 Q Yeah, right.</p> <p>20 A That's an important part of the whole 21 statement.</p> <p>22 Q No, yeah, we got the statement. So 23 my question is how many of your customers had an 24 average of 500 to \$1,000 profit a month in their</p>	<p style="text-align: right;">Page 356</p> <p>1 month, based off the premium collection that you 2 could collect on a \$10,000 account, it is realistic 3 for it to be in the target range of 500 to \$1,000.</p> <p>4 Q But what customers did you have that 5 enjoyed that average?</p> <p>6 A I have -- I had customers that had 7 winning months where the winning month profits 8 were in the range of 500 to \$1,000.</p> <p>9 Q And did those customers have average 10 profits on a monthly basis over the life of their 11 account --</p> <p>12 A I don't know.</p> <p>13 Q You've got to let me finish.</p> <p>14 MR. MAY: You can't answer his question 15 until he's done asking it.</p> <p>16 THE WITNESS: All right.</p> <p>17 BY MR. BURDEN:</p> <p>18 Q -- of 500 to \$1,000 a month?</p> <p>19 A I don't know. I don't recall.</p> <p>20 MR. BURDEN: All right. Do you guys want 21 to do your lunch?</p> <p>22 MR. MAY: That works for me.</p> <p>23 MR. BURDEN: Great, okay. Let's go off 24 the record, please.</p>

	Page 357		Page 359
1	(Whereupon a lunch recess was taken 2 from 12:25 p.m., to 2:05 p.m., after 3 which the following proceedings were 4 had:)		1 customers at Long Leaf who made \$45,000 on a 2 \$150,000 account?
5	A F T E R N O O N S E S S I O N	3 A Are you asking me this in relation to 4 the video -- the audio you just played?	
6	JEREMY RUTH,	5 Q Yes.	
7	called as a witness herein, having been previously 8 sworn and examined, testified further as follows:	6 A I mean, that's not what the audio is 7 talking about.	
9	F U R T H E R E X A M I N A T I O N (Cont'd.)	8 Q All right. So what's that audio talking 9 about?	
10	BY MR. BURDEN:	10 A I think it's talking about a commission 11 discount and how that affects the bottom line in the 12 event that there's a return.	
11	Q All right. So, Mr. Ruth, I'm going 12 to play you an audio file produced by Long Leaf 13 Trading.	13 Q All right. Well, did you have any 14 customers that achieved the return that you're 15 describing to Mr. Caldwell on the call?	
14	MR. BURDEN: I'm going to mark 15 it as CFTC Exhibit 150. The file name is 16 05-03-2017_JAYCALDWELL --	16 A Well, Mr. Caldwell is completely 17 different from all my other clients because 18 it's a significant amount more money than any 19 other client that I think I've had.	
17	MR. MAY: Could you do the dates again, 18 Ashley?	20 Q All right. So did you have any clients 21 who achieved a \$30,000 return over the course of 22 a year?	
19	MR. BURDEN: Sure. 05-03-2017_JAYCALDWELL 20 _3527464855.	23 MR. MAY: Course of a year? 24 MR. BURDEN: Yeah.	
21	(Whereupon CFTC Exhibit No. 150 22 was marked for identification.)		
23	Q So, Mr. Ruth, does the name Jay Caldwell 24 ring any bells for you?		
	Page 358		Page 360
1	A No.	1 A I don't know. But, again, this	
2	MR. BURDEN: All right. So I want 3 to start this at 1 hour, 18 minutes and 4 40 seconds. Let's see how --	2 guy's got four times the amount of money that 3 like my average client had. So I don't think 4 that's -- I don't -- yeah, I mean, I don't recall 5 anybody having a \$30,000 return.	
5	MR. MAY: Could you tell me how long 6 the whole thing is?	6 Q Did anybody that was your client have 7 more than a \$30,000 return?	
7	MR. BURDEN: 113 minutes and 8 seconds.	8 A I don't recall.	
8	MR. MAY: 113 minutes and 8 seconds.	9 Q Did anybody who was your client have 10 a 20 percent return or anything close to that over 11 the life of their account?	
9	MR. BURDEN: Or, you know what, I 10 take that back. I'm reading the wrong field. 11 It's 1 hour, 53 minutes and 8 seconds.	12 A I don't do anything over the life of 13 the account. We live -- as I've testified before, 14 we live on a month-to-month basis when we talk about 15 results with our clients.	
12	THE WITNESS: And we're starting where?	16 Q All right. And do you say that to 17 the client? You know, and I'm talking generally 18 about calls, you know. I hear you kind of telling 19 me that you look at things on a month-to-month 20 basis, is that right?	
13	MR. BURDEN: At 1:18:40, if I can get 14 it to work. So we're starting at 1:18:19, 15 which is close enough.	21 A Correct.	
16	(Whereupon the audio was played.)	22 Q So when you're talking to clients, 23 am I going to hear calls where you tell them, 24 listen, this only relates to one month at a time?	
17	MR. BURDEN: So I want to stop it there at 12:04.		
19	MR. MAY: 12:04?		
20	MR. BURDEN: Yeah.		
21	Q So, Mr. Ruth, is that your voice on the call?		
23	A Yes.		
24	Q All right. So did you have any		

<p>1 A Yeah, I only talk about the results      2 from -- I mean, if there's multiple -- like let's      3 say there's multiple bad months in a row or multiple      4 good months in a row. Then maybe I like reference,      5 you know, well, it's two months in a row that we've      6 done well or that it's two months in a row that,      7 you know, we've done poorly. But I don't talk      8 about necessarily the overall performance of the      9 account over the time period because what's relevant      10 is reporting the results of what was done in that      11 month.</p> <p>12 Q So when you're talking to this      13 prospective client, Mr. Caldwell, we just heard      14 this small snippet of the call where you talk about      15 how a customer could achieve almost a 20 percent      16 return with a \$150,000 account and with the      17 commission --</p> <p>18 A Well, that's almost a two-hour phone      19 call, and I think you cut off the part before it      20 where we're not talking about giving him a return.      21 We're talking about in a hypothetical situation if      22 he were to achieve a 12 percent return but then he      23 got a commission discount because of the amount      24 of money that he put into the account, what effect</p>	<p>Page 361</p> <p>1 A As part of the application.      2 Q What application?      3 A The Gain Capital application.      4 Q Is that -- that's funny. I didn't      5 see that. Where is that on the application?      6 A I don't know. In the application.      7 Q Okay. Well, you can imagine --      8 MR. MAY: You don't have a page number?      9 THE WITNESS: No.</p> <p>10 BY MR. BURDEN:</p> <p>11 Q Yeah. Well, you could imagine how      12 I'd be really interested in that. So what part      13 of the application is it in? Tell me what you can      14 remember, if you would, please.</p> <p>15 A If you go online to a Gain Capital      16 application, they ask that question probably to      17 this day.</p> <p>18 Q Okay. So did you ask other customers      19 the same question?</p> <p>20 A Yeah. Every customer fills out the      21 same application, the same -- that application while      22 I worked there was -- evolved over time.</p> <p>23 Q Yeah.</p> <p>24 A Was provided by Gain Capital.</p>
<p>1 that would have on the bottom line.</p> <p>2 Q Yeah. I know the part of the call      3 you're talking about, but what I'm asking is sort      4 of more general, right? Like if you're telling      5 customers, as you were telling Mr. Caldwell --</p> <p>6 A Sorry, go ahead.</p> <p>7 Q -- about returns, do you make it      8 clear that you're only saying that these returns      9 are achieved sort of in one month rather than      10 overall?</p> <p>11 A I'm not talking to him about returns,      12 though. I'm talking to him about commission      13 discounts based off the amount of money that he      14 puts into the account on his initial deposit.</p> <p>15 MR. BURDEN: All right. I'm going to      16 move on to the next part of this call I want      17 to talk about at 1:36:35. All right. We're      18 going to start at 1:36:33.</p> <p>19 (Whereupon the audio was played.)</p> <p>20 MR. BURDEN: All right. So let me stop      21 it at 1:36:57.</p> <p>22 Q So why did you ask Mr. Caldwell      23 if any of his family members were part of the NFA      24 or SEC?</p>	<p>Page 362</p> <p>1 Q Well, I'm asking a simpler question,      2 which is just did you ask other customers if they      3 had family members who were the SEC or NFA?</p> <p>4 A If I was assisting them in filling out      5 the application, then yes.</p> <p>6 Q Okay. Did anybody ever say, yes,      7 I do have a family member that's at the SEC or the      8 NFA?</p> <p>9 A No, not to my knowledge.</p> <p>10 Q What would you have done if they had      11 said yes?</p> <p>12 MR. MAY: Is that a hypothetical?</p> <p>13 MR. BURDEN: Yeah.</p> <p>14 A I would have hypothetically selected      15 yes on the application or advised them to put --      16 disclose that on the application.</p> <p>17 Q Got it.</p> <p>18 (Whereupon CFTC Exhibit No. 151      19 was marked for identification.)</p> <p>20 Q Mr. Ruth, I want to hand you what I've      21 marked as CFTC Exhibit 151. And take a look at it      22 for me, if you would, please.</p> <p>23 A (Witness complies).</p> <p>24 MR. MAY: Are you ready, Jeremy?</p>

1        THE WITNESS: Yes. 2 BY MR. BURDEN: 3 Q Do you recognize CFTC Exhibit 151? 4 A No. 5 Q So CFTC Exhibit 151 purports to be an 6 email from Luis Molina to you and it says Questions, 7 and the first question is what I'm interested in. 8 Mr. Molina appears to write, "Can we have access 9 to the Jordan Belfort videos for our own training?" 10 What are these videos that he's referring to? 11 A The Jordan Belfort -- there's like 12 a sales system called the Straight Line Persuasion, 13 and there's videos that go along with that and 14 that's what he's referring to. 15 Q All right. So did Long Leaf have them, 16 these videos? 17 A No, they're on YouTube. 18 Q So why is he saying can we have access 19 to them? 20 A Again, like going back to like that 21 Monday -- like the morning meeting thing, these 22 are like questions that -- they're supposed to 23 like -- they were supposed to submit questions 24 to me every morning for me to then present them	Page 365	1 A Yeah, all right. 2 MR. MAY: Wait. You're not supposed to 3 be testifying. 4 MR. BURDEN: I answer the questions 5 that I want to or that I think are funny. 6 That's my policy. 7 A I mean, I just think -- 8 MR. MAY: You answered his question. 9 You don't really need to elaborate. 10 THE WITNESS: I just want to -- 11 MR. MAY: Do you want to elaborate? 12 THE WITNESS: I do. I want to say 13 something. 14 BY MR. BURDEN: 15 Q Okay. Go ahead. 16 MR. MAY: Please don't. 17 A I get that like having you associated 18 with Jordan Belfort, if you knew his story, doesn't 19 sound good from a regulation standpoint. But since 20 you have watched the movies, he does talk about like 21 the ethical stuff of it every five seconds, that he 22 was basically a POS and that you shouldn't be a POS 23 in the future. I just want to point that out. 24 MR. MAY: I'm sorry. Just so we're	Page 367
1 to Tim for Tim to answer them during the morning 2 meeting. 3 Q Did Tim answer this question? 4 A I would -- I don't recall, but I would 5 assume so. 6 Q Did you watch any of these Straight Line 7 Persuasion videos? 8 A Yes. 9 Q Where did you watch them? 10 A YouTube. 11 Q But like at work or at home? 12 A Both. 13 Q And why did you watch them? 14 A I don't know. It's a motivational 15 video for development of sales skills. I don't 16 know. 17 Q Were these recommended to you by somebody? 18 A Tim Evans, yeah. 19 Q All right. Who's Jordan Belfort? 20 A He's the Wolf of Wall Street. 21 Q That's right. 22 A Have you ever seen the videos, though? 23 Q After reading that email, I watched all 24 of them.	Page 366	1 clear for the record, POS? 2 THE WITNESS: Piece of shit. 3 (Whereupon CFTC Exhibit No. 152 4 was marked for identification.) 5 BY MR. BURDEN: 6 Q All right. I want to hand you what I've 7 marked as CFTC Exhibit 152. 8 MR. MAY: Ready, Jeremy? 9 THE WITNESS: Yes. 10 BY MR. BURDEN: 11 Q Mr. Ruth, do you recognize CFTC 12 Exhibit 152? 13 A No. 14 Q All right. So it looks like an email 15 sent from you to somebody at this string of numbers 16 and letters sent April 3, 2017 and it looks like 17 you're corresponding with this Alexander Krone. 18 Who's Alexander Krone? 19 A It seems like -- appears to be some 20 guy who was, I don't know, inquiring to work at 21 Long Leaf. 22 Q I mean, do you remember him? We can both 23 read the email. 24 A I mean, after reading the email, I mean,	Page 368

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<p>1 I kind of know who he is, yeah.</p> <p>2 Q Okay. So do you remember corresponding 3 with him?</p> <p>4 A Yes.</p> <p>5 Q All right. So my question here 6 is you write to him, "I'll make 370K this year 7 if I do not open up another account." Is that true?</p> <p>8 A Well, I got fired three months later 9 so --</p> <p>10 Q All right.</p> <p>11 A -- no.</p> <p>12 Q You know, I guess what I ought to ask 13 is how much money did you make at Long Leaf Trading? 14 And if you have to break it down by year, if that's 15 easier, then go right ahead.</p> <p>16 A I don't know. I have no clue.</p> <p>17 Q Was it more than \$100,000 a year?</p> <p>18 A I don't know.</p> <p>19 Q More than \$50,000 a year?</p> <p>20 A I would assume so. Hopefully, yeah.</p> <p>21 Here's one thing you've got to understand. When 22 it comes to like my compensation with Long Leaf --</p> <p>23 Q Yeah.</p> <p>24 A -- I was never properly compensated.</p>	<p>1 A Technically I got my license like 2 April 24th I think it was.</p> <p>3 Q Well, that's a long -- I mean, surely 4 they didn't pay you \$10 for --</p> <p>5 A Yeah, it was --</p> <p>6 MR. MAY: Are you being facetious when 7 you --</p> <p>8 THE WITNESS: Yeah.</p> <p>9 MR. MAY: -- testified that \$10 --</p> <p>10 THE WITNESS: I don't know. I don't 11 know.</p> <p>12 BY MR. BURDEN:</p> <p>13 Q Definitely do not be facetious, please.</p> <p>14 A Okay.</p> <p>15 Q Was it more than \$100,000?</p> <p>16 A No.</p> <p>17 MR. MAY: And, Ashley, does your question 18 relate to 2015?</p> <p>19 MR. BURDEN: Yes.</p> <p>20 MR. MAY: Okay.</p> <p>21 BY MR. BURDEN:</p> <p>22 Q So the question again, in 2015 did you 23 make more than \$100,000?</p> <p>24 A I don't recall.</p>
Page 370	Page 372
<p>1 And, yeah, so it's what do I think I should have 2 been paid and --</p> <p>3 Q Well, my question is what were you paid, 4 right?</p> <p>5 A Like physically paid? I mean, I don't 6 remember off the top of my head.</p> <p>7 Q All right. Can you give us a ballpark, 8 right, because all we have to go on --</p> <p>9 A I think in 2017, which -- and I 10 understand I only worked there for half a year --</p> <p>11 I think it was somewhere around 200 grand was --</p> <p>12 which I was actually physically paid.</p> <p>13 Q All right. So 2016, what did Long Leaf 14 pay you in 2016?</p> <p>15 A I don't know.</p> <p>16 Q Was it more or less than 200K?</p> <p>17 A I don't know. I couldn't tell you off 18 the top of my head.</p> <p>19 Q What about 2015?</p> <p>20 A Maybe like \$10.</p> <p>21 Q Why only \$10?</p> <p>22 A Because I was -- I don't know. I was new 23 in the industry so I didn't make anything.</p> <p>24 Q When did you start in 2015?</p>	<p>1 (Whereupon CFTC Exhibit No. 153 2 was marked for identification.)</p> <p>3 Q All right. So I want to hand you what 4 I've marked as CFTC Exhibit 153. This is a group 5 exhibit, and the group exhibit is an email that 6 purports to have been sent by you. And the email's 7 got a link in it, and I'm handing you what's in that 8 link and we've printed it.</p> <p>9 MR. MAY: This is now 153?</p> <p>10 MR. BURDEN: Yeah.</p> <p>11 A All right.</p> <p>12 MR. MAY: Hold on. I'm not ready.</p> <p>13 THE WITNESS: I'm curious where this 14 is going.</p> <p>15 MR. MAY: Are you ready, Jeremy?</p> <p>16 THE WITNESS: Yes.</p> <p>17 BY MR. BURDEN:</p> <p>18 Q Mr. Ruth, do you recognize CFTC 19 Exhibit 153?</p> <p>20 A Yes.</p> <p>21 Q What is it, please.</p> <p>22 A It's an email that I sent to Tim Evans 23 with a link.</p> <p>24 Q And the subject line is Case I was talking</p>

<p>1 about. Do you see that?</p> <p>2 A Um-hmm.</p> <p>3 Q Yes?</p> <p>4 A Yes.</p> <p>5 Q Thanks. So what's the case you were 6 talking about and why were you talking about it?</p> <p>7 A James Cordier is an option sellers 8 principal. And when I would solicit people a lot 9 and talk about Time Means Money, sometimes I'd run 10 into people who either were option sellers clients 11 or had gone through their solicitation process, 12 and they would bring it up. So I studied, you 13 know, their process and what they did so I could 14 talk educatedly about like what the difference is 15 between what we did and what they did. And what 16 was the question?</p> <p>17 MR. MAY: There were two.</p> <p>18 BY MR. BURDEN:</p> <p>19 Q Yeah. So it was what was the case?</p> <p>20 MR. MAY: I think you've dealt with 21 the first one.</p> <p>22 BY MR. BURDEN:</p> <p>23 Q Yeah, and supply that. Then I asked, 24 you know, why did you send this to --</p>	<p style="text-align: right;">Page 373</p> <p>1 A Yeah.</p> <p>2 Q -- if we could, let's just please 3 focus on 153. So it seems like you did some real 4 diligence here. I didn't know that. I didn't 5 know that this James Scott Cordier was part of an 6 option selling group. But I see that you sent this 7 link to your boss and that he got in trouble for 8 unauthorized trading, which is what's reflected in 9 this order. And I want to know did you have any 10 discussions with Mr. Evans about it?</p> <p>11 A Yeah. I mean, like I had talked 12 to him about it after I read it, and then I sent 13 it to him so that he could, I guess, read it. I 14 don't know if he read it or I don't recall what 15 happened after that.</p> <p>16 Q Got it.</p> <p>17 A Yeah.</p> <p>18 Q So when you were talking to Mr. Evans 19 about it, what did you say, please.</p> <p>20 A Just like, hey, this -- I read this. 21 This is what happened, you know. Now, you know, 22 I get why we do this. Like stuff like that. I'm 23 like --</p> <p>24 Q Well, what was the stuff that you got --</p>
<p style="text-align: right;">Page 374</p> <p>1 A Oh, Tim?</p> <p>2 Q Yeah, to Mr. Evans.</p> <p>3 A Yeah. I think it was more of like -- 4 if you read in here, they like showed examples 5 of emails that James would send out to his 6 clients I was interested in because I think at 7 that time I was talking about Tim to write like 8 emails to the clients on a monthly basis as opposed 9 to me doing it when I don't represent his trades, 10 you know, if that makes sense. So I think it was 11 like showing him like, hey, this has been done in 12 the past, this is how it's done, and this is how 13 the CFTC feels about it.</p> <p>14 Q All right. Did you have any followup 15 discussions with Mr. Evans after you sent the email?</p> <p>16 A I don't know exactly.</p> <p>17 Q Well, do you remember if you had any 18 or not?</p> <p>19 A No. I mean, that was -- from the 20 period of around this time, like me and him were 21 in like a -- I don't know if you want to call it 22 a feud.</p> <p>23 Q Well, I want to get into that in a minute. 24 But right now --</p>	<p style="text-align: right;">Page 376</p> <p>1 A I don't remember specifically, but 2 I would have to read the whole entire thing again 3 to -- but I don't know. Like --</p> <p>4 MR. MAY: When you say the whole 5 entire thing, could you elaborate on that?</p> <p>6 A The whole entire -- I don't know.</p> <p>7 BY MR. BURDEN:</p> <p>8 Q Decision?</p> <p>9 A Yeah, I guess.</p> <p>10 MR. MAY: Starting at page 1 and ending 11 at page 33?</p> <p>12 THE WITNESS: Yeah, yes.</p> <p>13 A You know, and I would ask him 14 questions too. Like you've got like the whole 15 PFG, MF Global, all that stuff happened before I 16 was in the industry, but like people talked to me 17 about it. And if I don't know about it, then why 18 would they want to invest their money with that 19 person. So I tried to learn stuff and be an expert 20 in the industry. So, yeah, I think it was more of 21 a development of myself.</p> <p>22 BY MR. BURDEN:</p> <p>23 Q So did Mr. Evans do anything different 24 or make any changes in response to your email?</p>

<p>1 A I couldn't tell you.</p> <p>2 Q Were you trying to suggest by</p> <p>3 this email that Long Leaf Trading shouldn't make</p> <p>4 certain solicitations? Was that the point of this?</p> <p>5 A No.</p> <p>6 Q Was the point of the email to</p> <p>7 suggest that Long Leaf Trading might be engaged</p> <p>8 in unauthorized trading and so not to do that?</p> <p>9 A No, no, not that I -- no.</p> <p>10 Q All right. Let's put this one aside then.</p> <p>11 A (Witness complies).</p> <p>12 Q So I don't think I asked you this last</p> <p>13 time, other than maybe very briefly. I haven't --</p> <p>14 I just haven't reviewed the transcript yet. Why</p> <p>15 were you let go from Long Leaf Trading?</p> <p>16 A I mean, it's kind of like a buildup.</p> <p>17 But the specific -- on the specific day that I was</p> <p>18 let go was the day where I think like a majority</p> <p>19 of the accounts were down like eighty some percent</p> <p>20 and we had to, you know, pitch the trades that</p> <p>21 Tim had designed. And I want to say, if I recall</p> <p>22 correctly -- I could be wrong -- I had like</p> <p>23 67 clients at the time and those -- this</p> <p>24 conversation was longer than normal. Like most</p>	<p>Page 377</p> <p>1 all I got.</p> <p>2 Q So when you said that Mr. Evans didn't</p> <p>3 like the speed that you were going, what did he say</p> <p>4 to you?</p> <p>5 A Like hurry the fuck up.</p> <p>6 Q Got it. So you were going too slow</p> <p>7 for him?</p> <p>8 A I wasn't, but for him because he's</p> <p>9 trying to execute and I'm trying to make sure that</p> <p>10 I have permission and that these people understand</p> <p>11 what's going on.</p> <p>12 Q So your testimony I think just now</p> <p>13 is that you were calling up customers and you were</p> <p>14 giving them the results. And that was bad news at</p> <p>15 this point, is that right?</p> <p>16 A It was a bad -- it was a terrible month,</p> <p>17 yeah.</p> <p>18 Q Got it.</p> <p>19 A And so, yeah, it was a terrible month</p> <p>20 on top of I think maybe a terrible month before</p> <p>21 then. So it was pretty bad, yeah.</p> <p>22 Q Did you usually provide clients with</p> <p>23 trading results, i.e., call them and tell them how</p> <p>24 their trades had done?</p>
<p>Page 378</p> <p>1 of them are, you know, maybe like two, three minutes</p> <p>2 every month. Well, this was like a significant</p> <p>3 point in these people's accounts where these were</p> <p>4 30-minute, hour-long conversations.</p> <p>5 Q So when you're talking about these</p> <p>6 conversations, you're talking about conversations</p> <p>7 with clients?</p> <p>8 A Yes. And it's where I'm giving them</p> <p>9 results, telling them, hey, I guess, you know,</p> <p>10 we're trying to get this turned around. Here's what</p> <p>11 we're doing, da, da, da, da, da, da, give them the</p> <p>12 whole spiel and trying to obtain their permission to</p> <p>13 do the next trades. And it was a very difficult --</p> <p>14 very difficult conversations to have and very</p> <p>15 lengthy. And I had 67 clients and he didn't like</p> <p>16 the speed in which I was moving and I didn't like</p> <p>17 the trading results. So he, you know, told me</p> <p>18 to leave the office and I left and then he wanted</p> <p>19 like -- he wanted stuff from me. Basically I got</p> <p>20 the impression that he didn't want to pay me for --</p> <p>21 he didn't want to pay me the commissions that</p> <p>22 I would have generated from there. So he figured</p> <p>23 out that it would be easier to fire Jeremy and</p> <p>24 then he got to keep all the commissions. That's</p>	<p>Page 380</p> <p>1 A Yeah.</p> <p>2 Q And was that sort of every time the</p> <p>3 trades were closed?</p> <p>4 A Yeah, pretty much, yeah. I mean,</p> <p>5 every client liked to be talked to differently.</p> <p>6 Q Got it. And how did you know what those</p> <p>7 results were?</p> <p>8 A From Tim Evans.</p> <p>9 Q And you also knew them because you got</p> <p>10 the Gain statements every day, right?</p> <p>11 A Well, yeah, but --</p> <p>12 Q And would you give them the results</p> <p>13 sort of for the life of their account or just that</p> <p>14 month?</p> <p>15 A Just that month I think would be</p> <p>16 more specific. Sometimes I might be -- you know,</p> <p>17 sometimes somebody might like -- it wasn't the same</p> <p>18 thing for every single person. So if somebody</p> <p>19 said -- you know, there could be a time where like</p> <p>20 maybe it was like the second month they're in.</p> <p>21 Well, are we up overall since we started? And</p> <p>22 then I would say either yes or no, which probably</p> <p>23 at that time would be no. But it was mostly on</p> <p>24 a monthly basis.</p>

<p style="text-align: right;">Page 381</p> <p>1       MR. PATRICK: Was it Tim Evans that 2 told you -- I think you testified earlier 3 that the majority of the accounts were down 4 more than 80 percent. Was that something that 5 Tim told you?</p> <p>6       THE WITNESS: Yeah, yeah. Like that 7 morning he pulled us into like a conference 8 room and was like, all right, you guys are going 9 to have a really shitty day, you know. This 10 is where your accounts are at. But, you know, 11 I need you to soldier up and make these phone 12 calls and da, da, da, da, like trying to 13 huddle around. Like we need to make sure 14 that -- you know, we're going to lose people, 15 people are going to be upset but, you know, 16 you need to like make it the best as possible. 17 And it just so happened it took me a while 18 to do that.</p> <p>19       MR. BURDEN: All right. You know, 20 that's all I've got. If we could go off the 21 record for a couple minutes, I'll confer with 22 my colleagues. And if you guys want to get 23 your exhibits together, I know, Mr. May, you 24 wanted to ask some questions.</p>	<p style="text-align: right;">Page 383</p> <p>1       Q   Yeah, go right ahead. 2       A   Jake Cahn, C-a-h-n. 3       Q   All right. And do you know the name 4 of Postrock's counsel that you're referring to? 5       A   Yeah, I have that one in here. 6       Matthew Klucheneck. 7       Q   All right. And I should know this, 8 but I can't remember. Did you go over to Postrock 9 with Mr. Leeney? 10      A   We went over separately. But, yeah, we 11 both were at -- 12      Q   So who from Long Leaf was at Postrock? 13      A   Me, James Leeney, Luis Molina was 14 at one point, Vince Prieto was at one point, 15 what's his name, Brendan Sears was at one point, 16 and there was one other. I forgot his name. 17      Q   All right. So when you were 18 at Postrock, were you sort of making trade 19 recommendations to customers in the same kind of 20 way that Long Leaf was? 21      A   How was Long Leaf making trade 22 recommendations? 23      Q   Well, you know, we've seen Long Leaf 24 make these recommendations through the Time Means</p>
<p style="text-align: right;">Page 382</p> <p>1       MR. MAY: I did, yeah. 2       MR. BURDEN: How much time should we take 3 a little break here for? 4       MR. MAY: Like 15 minutes? 5       MR. BURDEN: Okay, that sounds good. 6 Off the record, please. 7       (Whereupon a recess was taken from 8           2:45 p.m., to 3:20 p.m., after which 9           the following proceedings were had:) 10      MR. BURDEN: Let's go back on the record, 11 please. 12      Q   All right. So, Mr. Ruth, when did you 13 leave Postrock? 14      A   May 2nd. 15      Q   All right. And what were the circumstances 16 for your departure? 17      A   I was starting my own occupation. 18      Q   So did you quit or were you fired? 19      A   It's interesting because I thought 20 that I quit, and I think Postrock's attorney might 21 have represented to my previous counsel that I was 22 fired. So I don't know the answer. 23      Q   Who was your previous counsel, please. 24      A   Do you mind if I --</p>	<p style="text-align: right;">Page 384</p> <p>1 Money program, right? 2       A   Yeah. 3       Q   All right. And they're recommending 4 trades to customers and customers can participate 5 in those trades or not, right? 6       A   Correct. 7       Q   So -- and I think we established 8 too that these trades recommended by Long Leaf 9 were spread trades typically, is that also right? 10      A   Yes. 11      Q   All right. And these customers 12 really all get the same recommendations, though 13 they may participate in them differently, is that 14 fair to say? 15      A   No. 16      Q   What's wrong about that? 17      A   The word same recommendation. The word 18 "same" is what's wrong with that. 19      Q   Okay. So my understanding, and 20 I thought we've been looking at these emails 21 together, is that the same sort of spread trade 22 recommendation goes out to everybody and the thing 23 that's different is the number of contracts that's 24 recommended.</p>

<p>1 A No.</p> <p>2 Q Okay. So what else is different?</p> <p>3 A The fill prices, which means that</p> <p>4 it's completely different, and sometimes even the</p> <p>5 strike prices.</p> <p>6 Q You know, my understanding was that</p> <p>7 the Long Leaf Trading recommendations had the same</p> <p>8 strike and fill prices for all customers. Is that</p> <p>9 not right?</p> <p>10 A No.</p> <p>11 Q So if I compare all of the Long Leaf</p> <p>12 trading recommendations, I'll see different strike</p> <p>13 prices recommended to customers?</p> <p>14 A At times, yes.</p> <p>15 Q All right. Well --</p> <p>16 A That's why there's no track record,</p> <p>17 is what we're trying --</p> <p>18 Q Well, I'm not sure if I agree with</p> <p>19 that characterization. That's new to me and I think</p> <p>20 contradicts previous testimony, but we're going to</p> <p>21 look into it. You know, what I want to get at here</p> <p>22 is what --</p> <p>23 A Like there's -- yeah. So there's</p> <p>24 like a quote/unquote block order. I don't know</p>	<p>Page 385</p> <p>1 trade recommendations there?</p> <p>2 A I mean, they were constantly evolving.</p> <p>3 We had -- I mean, James Leeney hired a couple</p> <p>4 different like chief market strategists, a lot</p> <p>5 of people involved and constantly trying to, you</p> <p>6 know, figure out a way to make it work.</p> <p>7 Q Got it. So it sounds like at Postrock</p> <p>8 those recommendations didn't come from somebody</p> <p>9 way up high at Postrock. They were generated</p> <p>10 by Mr. Leeney or somebody hired by Mr. Leeney,</p> <p>11 is that right?</p> <p>12 A Yeah. I mean, yeah -- no, nobody</p> <p>13 at like Postrock -- yes, not like there's one</p> <p>14 principal at Postrock. No, he wasn't -- I mean,</p> <p>15 he might have like given his two cents on a trade</p> <p>16 or something of that nature but not -- like he</p> <p>17 wasn't the designer of a trade.</p> <p>18 Q Did you come up with any trades</p> <p>19 at Postrock that were recommended to customers?</p> <p>20 A Yeah, probably.</p> <p>21 Q Did you when you were at Postrock</p> <p>22 use -- did you use any of the old sales materials</p> <p>23 from Long Leaf Trading?</p> <p>24 A I don't know how you could because</p>
<p>1 if block's the right term, but a mass order where</p> <p>2 generally I think those are like APS'd. But then</p> <p>3 there's trades that are done that are outside of</p> <p>4 that block order, that those people are still part</p> <p>5 of the program, and so they're getting different</p> <p>6 fill prices. And in some cases, because those</p> <p>7 fill prices aren't available, it makes sense for the</p> <p>8 program or that client, they're getting different</p> <p>9 strikes prices.</p> <p>10 Q I see. All right.</p> <p>11 A Yeah, so you're right. A majority</p> <p>12 of them try to like -- try to be done in like</p> <p>13 a mass, you know, quantity. But, I mean, that's</p> <p>14 not the case. I don't think there's a single month</p> <p>15 where every single person was traded the same way.</p> <p>16 Q So what I want to try to figure out --</p> <p>17 and that's helpful -- is did Postrock do this same</p> <p>18 type of thing?</p> <p>19 A Yeah. I mean, we -- like James Leeney</p> <p>20 and I did something similar to the Time Means Money</p> <p>21 program, yeah, but it's not the exact same thing.</p> <p>22 Q So when you say that you and Mr. Leeney</p> <p>23 did something that was similar to the Time Means</p> <p>24 Money program at Postrock, who came up with the</p>	<p>Page 386</p> <p>1 I don't work for Long Leaf, though.</p> <p>2 Q Well, you got scripts, right? Like</p> <p>3 did you bring them over or adapt them or anything</p> <p>4 like that?</p> <p>5 A I mean, the scripts at Long Leaf</p> <p>6 say Long Leaf on them. So if you call and say</p> <p>7 I'm with Long Leaf but you're really with Postrock,</p> <p>8 that wouldn't really work.</p> <p>9 Q Right. But did you use the same script</p> <p>10 or a similar script but change it to Postrock?</p> <p>11 A I mean, there's similarities but</p> <p>12 I wouldn't say that -- I guess you could say like</p> <p>13 the Postrock pitch was a derivative of the Long Leaf</p> <p>14 one, but it's not -- there's a lot of enhancements</p> <p>15 and differences as well.</p> <p>16 Q Got it. And who developed that pitch?</p> <p>17 Who wrote that pitch?</p> <p>18 A Me, James Leeney, compliance, Ryan</p> <p>19 Griffith. We got feedback from Turnkey Partners</p> <p>20 I think it's called. Bunch of people involved.</p> <p>21 Q All right. Do you have any of those</p> <p>22 scripts or sales materials that you used while you</p> <p>23 were at Postrock?</p> <p>24 A I don't know. I don't know.</p>

<p style="text-align: right;">Page 389</p> <p>1 Q Okay. So I don't think those fall 2 within the ambit of the subpoena that we've served 3 upon you, so we'll be serving another one for those 4 but --</p> <p>5 A I mean, I don't have access to -- 6 like the same thing. I got cut off from all my 7 Postrock stuff.</p> <p>8 Q No, I understand.</p> <p>9 A Yeah.</p> <p>10 Q But I'm admonishing you not to destroy 11 them. And I'll send you guys a subpoena and you 12 can look for them. If you've got them, we'll look 13 at them and if you don't, you don't.</p> <p>14 A All right.</p> <p>15 Q So did Postrock terminate you for making 16 misrepresentations to clients?</p> <p>17 A No, I've never been told by Postrock that 18 I've been terminated so ...</p> <p>19 Q How did you quit?</p> <p>20 A Well, I'd been planning for like months 21 to go out on my own with their help, and I was going 22 to leave on May 1st. And then they got a call from 23 the NFA saying, hey, we want to interview Jeremy 24 Ruth and they came in. So I didn't move over that</p>	<p style="text-align: right;">Page 391</p> <p>1 that Postrock had been claiming that they had 2 fired you?</p> <p>3 A Yeah. He had talked, yeah, to their 4 counsel. He goes -- he had asked me like, you 5 know, how did it end and I told him. He goes, all 6 right, well, their official position is is that they 7 terminated you.</p> <p>8 Q That doesn't sound right, though.</p> <p>9 A Why?</p> <p>10 Q Well, it doesn't sound like they 11 terminated you. It sounds like your testimony is 12 that they didn't terminate you.</p> <p>13 A They didn't, no, but that was what I was 14 told through --</p> <p>15 Q Yeah.</p> <p>16 A -- my previous counsel, yeah.</p> <p>17 Q All right. Have Postrock come back to 18 you at all with demands or trying to contact you?</p> <p>19 A No. I've tried to contact them, though.</p> <p>20 Q What did you try to contact them about?</p> <p>21 A I got screwed out of another paycheck 22 at the end.</p> <p>23 Q Did they respond?</p> <p>24 A No.</p>
<p style="text-align: right;">Page 390</p> <p>1 day, and I came in on May 2nd and -- or maybe 2 it was May 1st, I don't know, May 1st maybe and 3 the NFA interviewed me. And then the next day I got 4 to the office and I was like, all right, I'm moving 5 over to, you know, my new operation today. And they 6 said okay, and he goes let me know when you hit the 7 submit button and then I'll drop you on our end, 8 and that was it.</p> <p>9 Q So did anybody say anything to you 10 about misrepresentations or misbehavior of any 11 kind?</p> <p>12 A At Postrock?</p> <p>13 Q Yeah.</p> <p>14 A I mean, the nature of the NFA 15 coming to talk to me, they didn't -- I mean, 16 I don't know what you'd call that, but they I guess 17 made some allegations but not -- Postrock never said 18 anything.</p> <p>19 Q Yeah. What I'm asking you is did 20 Postrock ever admonish you or otherwise accuse you 21 or misconduct or fraud?</p> <p>22 A No, no.</p> <p>23 Q So your testimony is that you learned 24 through your counsel that -- your former counsel</p>	<p style="text-align: right;">Page 392</p> <p>1 MR. MAY: See if we can't do something 2 about that.</p> <p>3 BY MR. BURDEN:</p> <p>4 Q So I think you testified that you were 5 planning on leaving Postrock but that Postrock was 6 going to help you, is that right?</p> <p>7 A Postrock had been. I'd been working on 8 trying to leave for months.</p> <p>9 Q So what kind of help were they giving you?</p> <p>10 A Oh, everything. Like contacts, like 11 advice, consulting, everything.</p> <p>12 Q But why did they want you to do that?</p> <p>13 Were they going to make money off it somehow?</p> <p>14 A Off me leaving?</p> <p>15 Q Yeah.</p> <p>16 A When I originally went over there, 17 there was never the intentions of like me being 18 there forever. It was kind of like a steppingstone.</p> <p>19 Q Well, like why would they want to 20 help you out with that? It seems like you were 21 a tremendously productive salesperson at Long Leaf.</p> <p>22 A Because I wasn't in a position to --</p> <p>23 I had learned under one person, and I knew myself -- 24 like that was my pitch to them. I'm not --</p>

<p style="text-align: right;">Page 393</p> <p>1 I mean, I'm not ready to start my own firm.      2 I want to start my own firm, but I want to learn      3 from other people as well before I do so. So, you      4 know, it just turned out to be a very good fit      5 because Ryan Griffith I think is a very good mentor.      6 And, you know, when it comes to like compliance and      7 regulations and things, I've learned a ton from him.</p> <p>8 Q And he's the principal at Postrock?</p> <p>9 A No, Kevin Meyer.</p> <p>10 Q Who's he?</p> <p>11 A He's, I don't know, Kevin Meyer's      12 right-hand man type AP slash -- I don't know.</p> <p>13 Q And, sorry, is he at Postrock?</p> <p>14 A Yeah.</p> <p>15 Q Okay.</p> <p>16 A He's also on like the, I don't know,      17 the independent introducing broker like association.      18 Like he's -- yeah. Like Friday night most people      19 go out and -- go out to dinner or go out and eat,      20 cocktails. He sits at home and reads like the CFTC      21 Exchange Act and stuff like that so ...</p> <p>22 Q Another quick one, if we could, please      23 on Postrock, which is while you were at Postrock      24 how many other brokers were there?</p>	<p style="text-align: right;">Page 395</p> <p>1 MR. MAY: So I'm guessing the question      2 is the percentage of the Chicago office of      3 Postrock, the percentage of Long Leaf -- former      4 Long Leaf traders who were at Postrock, the      5 percentage of the total of Postrock --</p> <p>6 A I don't -- yeah.</p> <p>7 MR. MAY: -- reps.</p> <p>8 A I mean, it was either me and James Leeney      9 and one other person or me and one other person for      10 the most part. So we were -- our "operation" was      11 either two or three brokers at a time, and I don't      12 know how many there is. Five maybe in the Chicago      13 office, seven. I don't know.</p> <p>14 BY MR. BURDEN:</p> <p>15 Q So these other former Long Leaf      16 brokers, Mr. Prieto, Luis Molina, Mr. Sears, did      17 they work with you and Mr. Leeney on continuing to      18 solicit for these spread trades?</p> <p>19 A I mean, we don't -- I don't know.</p> <p>20 It's kind of a weird question because we're not --      21 we're just soliciting. Like I don't think the      22 trade is for the spread trades. I don't know --</p> <p>23 Q Let me ask you a different way.</p> <p>24 A Yeah.</p>
<p style="text-align: right;">Page 394</p> <p>1 A Postrock is very like secretive      2 in telling me like about their -- they have like      3 multiple brokers all across the country I think in      4 various different locations, but I don't -- I didn't      5 really get involved. Like Postrock's primary focus      6 is commercial hedging and they don't do retail,      7 except for I think they might do like managed      8 futures through some other plan. And so I only saw      9 like the people that are in the Chicago office.</p> <p>10 Q But you continued to do sort of retail      11 work for them, right?</p> <p>12 A Yeah, correct.</p> <p>13 Q All right. So how many other people      14 were in the Chicago office? So what I'm trying      15 to get a feel for is like what percentage this group      16 of Long Leaf guys constituted. Was it just a few      17 brokers or a lot? It sounds like you don't know      18 nationwide, but in Chicago --</p> <p>19 A I don't know. Yeah, I don't know      20 how many brokers they have but it's, you know --      21 how many -- I'm sorry. You were trying to figure      22 out how many we represented?</p> <p>23 Q Yeah.</p> <p>24 A Well, there's --</p>	<p style="text-align: right;">Page 396</p> <p>1 Q You know, did you and Mr. Leeney work      2 with Mr. Prieto, Mr. Sears and Mr. Molina while you      3 were at Postrock?</p> <p>4 A Yeah, yeah. Like we kind of did the same      5 system where like they would set up appointments.</p> <p>6 Q Got it.</p> <p>7 A Yeah.</p> <p>8 MR. BURDEN: All right. Thank you.</p> <p>9 Mr. May, if you want to --</p> <p>10 Q This is actually the part I'm supposed      11 to say, Mr. Ruth, is there anything you wish to      12 add to your testimony or to clarify with respect      13 to your testimony?</p> <p>14 MR. MAY: Prior to me asking you      15 questions.</p> <p>16 A There was one thing. Oh, I know      17 we kept talking a lot about like the compliance      18 department and then I would -- you would say      19 Mr. Evans. Towards the end of my tenure there      20 was another gentleman who was I guess part of that      21 operation. I don't know what his official role was,      22 but it would be Brian Adams.</p> <p>23 BY MR. BURDEN:</p> <p>24 Q And he was part of the compliance group?</p>

<p>1 A I guess, because there was things -- 2 or I don't know if he was just like an assistant 3 to Mr. Evans. I don't know. It was -- I don't 4 know. It was a weird situation.</p> <p>5 Q Is there anything else with respect 6 to your testimony that you would like to clarify 7 or expound upon?</p> <p>8 MR. MAY: Why don't you hold that --</p> <p>9 THE WITNESS: Yes.</p> <p>10 MR. MAY: -- and I'll ask you the 11 questions. And then if you feel that you 12 still want to add something after that, 13 we'll come back to it.</p> <p>14 THE WITNESS: Sure.</p> <p>15 MR. MAY: How's that sound?</p> <p>16 MR. BURDEN: The reason I'm doing this 17 is I have never been in testimony, and it's 18 not sort of enshrined in our procedures, where 19 counsel for the witness gets a redirect, you 20 know. And I guess I don't mind and there's no 21 reason not to, except that we never ever do it. 22 And I sort of thought it was a good vehicle, 23 since he's represented by counsel, to sort 24 of clarify or set -- you know, correct any</p>	<p>Page 397</p> <p>1 MR. BURDEN: I'll tell you guys what I am 2 not going to let happen is a lengthy redirect of 3 all the exhibits from the last two. If there's 4 something you want to clarify or add to your 5 testimony, we can do that. Do you guys want 6 some time?</p> <p>7 MR. MAY: I have some questions I want 8 to ask him about the documents.</p> <p>9 MR. BURDEN: Yeah, you don't get 10 to ask those questions in my investigative 11 testimony. Why don't you guys confer, see 12 if there's something you want to add to your 13 testimony or correct, and we'll go back. And 14 if you want to trot those out, we can do that.</p> <p>15 MR. MAY: All right. So I'm not going to 16 be able to ask him the questions that I want?</p> <p>17 MR. BURDEN: No. Have you not done one 18 of these before?</p> <p>19 MR. MAY: Sure, I have.</p> <p>20 MR. BURDEN: When?</p> <p>21 MR. MAY: All the time.</p> <p>22 MR. BURDEN: Yeah. With whom?</p> <p>23 MR. MAY: CFTC, NFA, FINRA.</p> <p>24 MR. BURDEN: Who in this office has</p>
<p>Page 398</p> <p>1 previous testimony. But it kind of sounds 2 like Mr. Ruth has made the corrections that 3 he wants to make or expound to the extent he 4 wants to, and I wanted to close that out. And 5 if what you're doing is something else --</p> <p>6 MR. MAY: Well, can you -- I think I'm 7 probably going to be a lot more thorough than 8 he is. I don't know if he can recall the prior 9 testimony. I mean, do you want to ask him about 10 adding anything to his testimony today? I think 11 that might be easier for him.</p> <p>12 BY MR. BURDEN:</p> <p>13 Q Sure. Do you want to add something to 14 your testimony today?</p> <p>15 MR. MAY: About your testimony today.</p> <p>16 A No. I mean, off the stuff you gave me, 17 no.</p> <p>18 BY MR. BURDEN:</p> <p>19 Q What about your testimony generally?</p> <p>20 A I mean, the things I would like to add is 21 some of the documents that I provided you.</p> <p>22 Q Okay. Well, do you want to take a 23 look at those again? If you want to confer with 24 your counsel, you can.</p>	<p>Page 400</p> <p>1 let you do a lengthy redirect?</p> <p>2 MR. MAY: I'm not doing a redirect.</p> <p>3 I'm asking him some clarifying questions.</p> <p>4 MR. BURDEN: Okay. Let me give you guys 5 a couple minutes to confer.</p> <p>6 MR. MAY: Sure.</p> <p>7 (Whereupon a recess was taken from 8 3:42 p.m., to 3:48 p.m., after which 9 the following proceedings were had:)</p> <p>10 BY MR. BURDEN:</p> <p>11 Q All right. Mr. Ruth, is there anything 12 you wish to add to your testimony or clarify or 13 correct?</p> <p>14 A Yeah. I'm going to do some clarifications 15 with the help of my counsel here.</p> <p>16 MR. BURDEN: All right.</p> <p>17 EXAMINATION</p> <p>18 BY MR. MAY:</p> <p>19 Q So, Mr. Ruth, I've got the documents 20 from our first time on September 26th, and we're 21 going to share them. So I'm going to put them 22 between you and I. Can you tell us again when you 23 worked for Long Leaf Trading?</p> <p>24 A I think my first day was March 13,</p>

<p>1 2015 through maybe the last Friday in August 2 of 2017. 3 Q So that's approximately -- 4 A Two and a half years maybe. 5 Q From the end of your tenure at Long Leaf? 6 A Yeah, beginning to end. 7 Q Okay. And what about the beginning? 8 So you worked there for two and a half years. How 9 long ago from March of '15 to today? 10 A Four and a half years ago. 11 QOkay. And you were asked a number 12 of questions, a number of emails, a number of 13 documents, and you were shown some of them. Would 14 it be difficult for you to answer some of those 15 questions based on the length of time that's 16 transpired? 17 A Yes. 18 Q I have another clarifying question for 19 you, and I believe this was part of your testimony 20 but I want to make sure. Did you come up with trade 21 ideas at Long Leaf Trading? 22 A No. 23 Q When you were an associated person 24 at Long Leaf Trading, what were your primary job</p>	<p>Page 401</p> <p>1 broker knows what's going on and the client knows 2 what's going on before it happens in terms of the 3 structure, like the number of trades, when things 4 are going to happen and things of that nature 5 whereas traditional brokerage, everything is at 6 random. 7 QOkay. I'll make a statement. You 8 tell me if it's true. And I believe you mentioned 9 this before, but I want to clarify it. For a Time 10 Means Money client, would they know going in what 11 they -- what the maximum amount they could lose was? 12 AFor a specific trade? 13 QYes, or let's say for a specific month. 14 AYeah. I mean, when we obtain their 15 permission, we would generally tell them what the 16 profit potential and the loss potential was on the 17 specific trade. 18 QAnd how could you know what the loss 19 potential was? 20 ABecause we only use spread positions. 21 QAnything else? 22 ANo. 23 QWould you know -- were you writing 24 options with Time Means Money or were you buying</p>
<p>1 responsibilities? 2 A I mean, to -- I guess the primary 3 responsibility was open up accounts specifically 4 for the Time Means Money program. 5 Q And is there anything else? 6 A I mean, that's my primary duty, yeah. 7 Q Okay. Who was responsible at Long Leaf 8 Trading for obtaining authorization from the clients 9 to trade? 10 A Whoever the assigned broker is for the 11 account. 12 Q So if it was your assigned account, that 13 would be your responsibility? 14 A Correct. 15 Q I believe you talked about maybe 16 the difference between time versus -- TMM, what 17 does TMM stand for again? 18 A Time Means Money. 19 Q Okay. And maybe traditional brokerage. 20 Do you recall that testimony? 21 A Parts of it. 22 Q How is TMM different than traditional 23 brokerage? 24 A TMM is like a system that the</p>	<p>Page 402</p> <p>1 options? 2 A We were selling options, yeah. 3 Q Okay. Would that tell you -- 4 A Well, actually -- 5 Q -- how much you could lose or gain? 6 A -- the net position is that we're 7 selling options, but in an option spread you are 8 buying and selling an option so ... 9 Q Okay. 10 A But we were credit spreads, meaning 11 that there was a net, you know, credit balance 12 based off the option position. 13 Q Okay. And do you recall any 14 testimony about -- just asking you a clarifying 15 question about the number -- let's talk about the 16 total number of accounts you had while you were 17 at Long Leaf Trading Group. 18 A I would say somewhere around a hundred. 19 Q Okay. And what was the most you had 20 at any one time? 21 A From what I recall, 67. 22 Q I had a question about you and another 23 clarifying question. You were presented with a 24 number of emails that were sent out and a number</p>

<p style="text-align: right;">Page 405</p> <p>1 of scripts or a number of documents. Were the 2 documents that you used in talking to clients 3 at Long Leaf Trading, were those approved by the 4 compliance department before you would use them?</p> <p>5 A Yes.</p> <p>6 Q Can you direct your attention 7 to Exhibit 122. That would have been from the 8 first time we came. We have to share. Familiarize 9 yourself with the email.</p> <p>10 A Yep.</p> <p>11 Q Do you recall the CFTC presenting you 12 with this email in your prior testimony?</p> <p>13 A Yes.</p> <p>14 Q Okay. And who was the email from?</p> <p>15 A Myself.</p> <p>16 Q And who is it to?</p> <p>17 A Tim Evans.</p> <p>18 Q And who's the subject?</p> <p>19 A Harish Patel.</p> <p>20 Q What can you glean from this email?</p> <p>21 A What do you mean by glean?</p> <p>22 Q Okay. So this is the amount that was 23 started with and the amount that it was ended with. 24 Can you tell what the P&amp;L is?</p>	<p style="text-align: right;">Page 407</p> <p>1 A He's a resident -- or a registered 2 investment advisor.</p> <p>3 Q Okay. And so that's not a commodity 4 or futures designation, is it?</p> <p>5 A No. He's securities.</p> <p>6 Q And so is -- does he manage money for 7 other investors?</p> <p>8 A Yes.</p> <p>9 Q Do you recall some prior testimony 10 about opening up accounts at Gain, the FCM that 11 was for Long Leaf Trading?</p> <p>12 A Yes.</p> <p>13 Q In looking at the documents the CFTC 14 gave you either on the 26th or 27th of September 15 and today, did you see any account opening documents 16 for any of the customers you had at Long Leaf 17 Trading?</p> <p>18 A Yes.</p> <p>19 Q You did?</p> <p>20 A What do you like --</p> <p>21 Q Account opening documents, documents 22 you would need to open up a commodity account at 23 an FCM.</p> <p>24 A Yes.</p>
<p style="text-align: right;">Page 406</p> <p>1 A Yeah.</p> <p>2 Q And what's that?</p> <p>3 A It's a total loss of \$16,457.60.</p> <p>4 Q And what's the total commissions?</p> <p>5 A \$29,820.</p> <p>6 Q In comparing the total loss and 7 the total commissions, can you reach any sort of 8 conclusion?</p> <p>9 A There was profitable trading at some point.</p> <p>10 Q Okay. Directing your attention to 11 CFTC Exhibit 125, can you take a look at that?</p> <p>12 A Yes.</p> <p>13 Q I want you to take a look. Okay. 14 And there's an email from a Steve Beranek --</p> <p>15 A Beranek.</p> <p>16 Q -- B-e-r-a-n-e-k, to Jeremy Ruth. I'm 17 talking about the one dated Saturday, October 2016. 18 Could you tell me who Steve Beranek is?</p> <p>19 A He was a customer of mine.</p> <p>20 Q Okay. And what is Mr. Beranek's email 21 address?</p> <p>22 A technicalmanagement@comcast.net.</p> <p>23 Q And what sort of business is Mr. Beranek 24 in?</p>	<p style="text-align: right;">Page 408</p> <p>1 Q What documents did you see?</p> <p>2 A A customer agreement, CFTC regulation 3 risk disclosures, NFA Rule -- I think it's like 2-30 4 risk disclosures, W-9s, electronic transmissions 5 trading, all the stuff required by the FCM.</p> <p>6 Q Okay. If some of those documents 7 were missing and not completed, would Gain Capital 8 open an account?</p> <p>9 A Absolutely not.</p> <p>10 Q And you mentioned some other disclosures. 11 Do you happen to know what some of the disclosures 12 are in, say, CFTC --</p> <p>13 A Yeah.</p> <p>14 Q Hold on. You've got to let me finish. -- 15 CFTC Regulation 1.55?</p> <p>16 A I think it has to do with customers 17 attesting that they're using genuine risk capital 18 and that they understand that there's risk in 19 trading and loss and that spreads don't necessarily 20 put you in a better position or option spreads and 21 things of that nature.</p> <p>22 Q I believe in -- and we'll be getting 23 to this hopefully if we can hear one of the tapes. 24 But you used the term risk capital, and I believe</p>

<p style="text-align: right;">Page 409</p> <p>1 I saw that in some of the documents. What is 2 your understanding of risk capital? 3 A It's money that you have that if you 4 were no longer to have it, you know, you wouldn't 5 have to shut down your operation or, I don't know, 6 change your lifestyle or anything of that nature. 7 Q So let me see if I understand that. 8 The risk capital is if you were to lose that 9 capital, it wouldn't affect maybe the quality of 10 your life? 11 A Correct. 12 Q And explain to me -- using that term 13 risk capital and the customers you had at Long 14 Leaf Trading, I believe you mentioned it was a 15 high of 67 at one point and maybe an estimate of 16 around a hundred during your time period. With 17 those customers, were you using their risk capital? 18 Were you using more than their risk capital? 19 I mean, walk me through that. 20 A I mean, I would like to rephrase that 21 where they are using their risk capital. I'm not 22 using anything. 23 Q Okay. 24 A But, yeah, it's -- you know, during</p>	<p style="text-align: right;">Page 411</p> <p>1 Q And I believe we mentioned this last 2 time, but there's an email from a Jeremy Ruth 3 to James Leeney on August 29, 2017 at 1:43 p.m. 4 Do you believe that you sent this email from -- 5 A No. 6 Q -- the Long Leaf Trading email -- 7 A No. 8 Q -- system? And why is that? 9 A Because I was no longer employed there. 10 Q Did anyone else have access to your email? 11 A Yeah, Tim Evans. 12 Q Okay. 13 A As the administrator. 14 Q And after you were no longer working 15 for Long Leaf Trading, you didn't know whether 16 they continued to use that email address, is that 17 a fair statement? 18 A Now I know that they did because I'm seeing 19 evidence of it right here. 20 Q And did you ever have a client named 21 Karl Reimer? 22 A That was a client that was maybe 23 passed on to me in the last month or so of me 24 being at Long Leaf.</p>
<p style="text-align: right;">Page 410</p> <p>1 the solicitation process we use the term risk 2 capital, you know. They attest to that they're 3 using genuine risk capital. It's disclosed multiple 4 times throughout multiple stages of the process, and 5 even after they still funded the account with their 6 risk capital we ask them again, you know, to make 7 sure that they understand that they're using their 8 risk capital. 9 Q Do you have an understanding of maybe 10 an average amount that -- I believe you testified 11 today you were asked -- we listened to a second 12 phone call today, and I forget the name of the 13 gentleman, but I think you were talking about 14 maybe his account was abnormally high. 15 A Yeah, you're referring to the Jay 16 Caldwell call. I think he started off an account 17 with a hundred thousand dollars of risk capital. 18 I think it was more normal for me to have like 19 \$25,000. 20 Q You anticipated my next question. 21 A Yeah. 22 Q Directing your attention to CFTC 23 Exhibit 132, could you take a look at that? 24 A Um-hmm.</p>	<p style="text-align: right;">Page 412</p> <p>1 Q Okay. In your testimony I believe 2 from the 26th or 27th there was a percentage given 3 of option trades that expired worthless. Do you 4 recall that testimony? 5 A Yes. 6 Q Okay. And do you happen to know where 7 that percentage came from? 8 A Yeah. There was a study that the 9 CME Group put out that's based off of data that 10 they collected in some markets in '97, '98, '99. 11 Q And did you read the study? 12 A I've read the tables within the study, yes. 13 Q Okay. Directing your attention to 14 CFTC Exhibit 133, that's the phone call. 15 MR. MAY: Can we play the phone call? 16 MS. STREIT: What do you plan to do with 17 the phone call? 18 MR. MAY: I just had to ask him a couple 19 questions about things that were in the phone 20 call. 21 MS. STREIT: I mean, the phone call is 22 what the phone call is. 23 MR. MAY: I know, but I was only 24 going to play it just on the portions that</p>

<p style="text-align: right;">Page 413</p> <p>1 you played to him. I think there was a couple 2 clarifying questions in that. I'm not going 3 to ask about --</p> <p>4 MS. STREIT: Yeah, we're not going 5 to go through the whole hour-long phone call.</p> <p>6 MR. BURDEN: I can play it for --</p> <p>7 MR. MAY: Yeah, I was going to ask -- 8 I have some time parts that you played and 9 they're very, very short snippets. It's like, 10 you know, one minute or something like that.</p> <p>11 MR. BURDEN: Let me call it up. It'll 12 take a couple minutes, though.</p> <p>13 MR. MAY: Sure thing.</p> <p>14 MR. BURDEN: Let's go off the record. (Whereupon a recess was taken from 16 4:06 p.m., to 4:10 p.m., after which 17 the following proceedings were had:)</p> <p>18 MR. BURDEN: So we're going to start 19 at 1:37:18, if that's all right.</p> <p>20 MR. MAY: That's okay.</p> <p>21 MR. BURDEN: And this is Exhibit 133. (Whereupon the audio was played.)</p> <p>23 MR. MAY: Can you pause it? What are we 24 at now?</p>	<p style="text-align: right;">Page 415</p> <p>1 you the ability to collect more premium. When 2 you collect more premium, you reduce more risk.</p> <p>3 Q Okay. And there was a mention on 4 the call of a return to risk capital. I believe 5 you mentioned that before but, again, why is that 6 important? Why would you be communicating that 7 to a client?</p> <p>8 A I don't know. Are you talking about why 9 am I using the word risk capital?</p> <p>10 Q Well, yeah. Why are you using the word 11 risk capital and what are you communicating to the 12 client when you use that term?</p> <p>13 A Yeah. I use the term risk capital 14 because I only want them to utilize risk capital 15 in their investment if they're going to be, you 16 know, opening an account with us or Long Leaf, 17 and yeah.</p> <p>18 Q I think you mentioned volatility. 19 You used the term if things go favorably. I want 20 to ask you a question. Based on the use of that 21 term, can you tell me if the thing that you were 22 talking about with this particular client was a 23 hypothetical?</p> <p>24 A Yes, yeah. I mean, obviously because</p>
<p style="text-align: right;">Page 414</p> <p>1 MR. BURDEN: We're at 1:41:06.</p> <p>2 BY MR. MAY:</p> <p>3 Q Okay. Mr. Ruth --</p> <p>4 A Yes.</p> <p>5 Q -- did you listen to the prior conversation 6 that was played?</p> <p>7 A Yes.</p> <p>8 Q Is that your voice?</p> <p>9 A Yes.</p> <p>10 Q Do you recognize the person who was on 11 the other end of the line?</p> <p>12 A No.</p> <p>13 Q Okay. I just had some questions for 14 you. There was some language used and everything 15 like that, and maybe you can kind of explain a 16 little bit what that sort of thing means. There 17 was a reference to current market conditions. Why 18 is that important? Why would you be communicating 19 that to a client?</p> <p>20 A I don't know. Maybe to talk about 21 volatility.</p> <p>22 Q Okay. Well, why is volatility important?</p> <p>23 A Volatility is important when selling 24 options because an increase in volatility gives</p>	<p style="text-align: right;">Page 416</p> <p>1 I'm using the terminology if things go favorably. 2 So "if" refers to a hypothetical.</p> <p>3 Q Okay. And what about the term targeted 4 return? Based on that, would that also indicate -- 5 would it indicate or not indicate a hypothetical?</p> <p>6 A Yeah. Well, the targeted return 7 is not a specific amount because the client gets 8 to determine what their targeted return is.</p> <p>9 Q Okay. And what about the term "I think 10 I can show you"? Does that indicate to you that 11 the conversation with the client is a hypothetical 12 or not?</p> <p>13 A Yes.</p> <p>14 Q Okay. Directing your attention to 15 CFTC Exhibit 134, which I believe we're sharing. 16 Do you want to familiarize yourself with that again?</p> <p>17 A I'm good.</p> <p>18 Q This appears to be an email from 19 Tim Evans dated September 7, 2016 to Jeremy Ruth. 20 The subject is Demo Script Senior. The attachments 21 are Demo Script Time Means Money Senior Broker.docx. 22 Directing your attention to page 1, do you see that 23 there's halfway down, approximately halfway down 24 under Title &amp; Risk Disclosures there's some</p>

<p>1 pictures? Do you see that on this document?</p> <p>2 A Yes.</p> <p>3 Q Okay. And the language looks pretty</p> <p>4 small, but what sort of risk disclosures do you</p> <p>5 think those are?</p> <p>6 A I believe that's the -- I think</p> <p>7 there's multiple risk disclosures, but there's --</p> <p>8 I don't know. Those are the preapproved NFA risk</p> <p>9 disclosures or combinations of them.</p> <p>10 Q And are those the same risk disclosures</p> <p>11 that are used or required by Gain to open up an</p> <p>12 account at an FCM?</p> <p>13 A Yeah.</p> <p>14 Q Directing your attention to page 7.</p> <p>15 Well, strike that. Directing your attention to</p> <p>16 page 4, if you go all the way down to 7, Introduce</p> <p>17 Time Decay, what is that referring to in this</p> <p>18 document?</p> <p>19 A We're informing the potential</p> <p>20 customer that -- about the concept of time decay --</p> <p>21 Q And what is that?</p> <p>22 A -- from an introductory standpoint.</p> <p>23 Time decay?</p> <p>24 Q Yes.</p>	<p>Page 417</p> <p>1 Q Okay. And directing your attention</p> <p>2 to page -- well, actually, let's stay on company</p> <p>3 NFA record. Let me ask you about your NFA record.</p> <p>4 Do you recall the CFTC asking a bunch of questions</p> <p>5 about maybe some potential customer complaints?</p> <p>6 A Correct.</p> <p>7 Q And I believe those were Mr. Okey,</p> <p>8 is that right?</p> <p>9 A No.</p> <p>10 Q Okay. What about Mr. Patel?</p> <p>11 A Yes. Oh, Oteh Okey, is that what you're</p> <p>12 saying?</p> <p>13 Q I believe that was the first one.</p> <p>14 A Yeah.</p> <p>15 Q Sitting here today, do you happen</p> <p>16 to know if you have any adverse marks on your</p> <p>17 NFA record?</p> <p>18 A I do not.</p> <p>19 Q No customer complaints?</p> <p>20 A Not that I know of.</p> <p>21 Q Directing your attention to CFTC</p> <p>22 Exhibit 134 on page 24. Oh, I'm sorry. I think I</p> <p>23 have the numbers mixed up. Directing your attention</p> <p>24 to page 16 on Exhibit 134, and this is a number that</p>
<p>1 A Time decay is, I don't know, an event</p> <p>2 that occurs during an option period.</p> <p>3 Q And what is the result of time decay?</p> <p>4 A The option becomes less valuable.</p> <p>5 Q As it becomes -- as it gets closer to --</p> <p>6 A Expiration.</p> <p>7 Q Okay. Directing your attention</p> <p>8 to page 7, about halfway down it says, No. 11,</p> <p>9 NFA Company Record. What did that -- why is that</p> <p>10 in this document?</p> <p>11 A For credibility purposes.</p> <p>12 Q Okay. And so you're letting a prospect</p> <p>13 know that the company doesn't have an NFA record?</p> <p>14 A At the time, yeah. At one point I think</p> <p>15 the company did have an NFA record.</p> <p>16 Q Well, let's talk about that NFA record.</p> <p>17 Is it that the company at one point did not have</p> <p>18 any adverse marks on its NFA record? Is that what</p> <p>19 it's referring to?</p> <p>20 A Yeah. I mean, I don't know that of</p> <p>21 this specific script at this time, but the company</p> <p>22 did not have any adverse marks until an audit. I</p> <p>23 guess Tim Evans didn't do the AML annual audit and</p> <p>24 they got -- he got fined by the NFA.</p>	<p>Page 418</p> <p>1 says 24, The Greeks. Could you tell me why that's</p> <p>2 in this document? What does the Greeks refer to?</p> <p>3 A The Greeks refer to the option</p> <p>4 Greeks, which were I guess mathematical terms of</p> <p>5 how you determine values of option pricing.</p> <p>6 Q And directing your attention to page 25</p> <p>7 of Exhibit 134, it's -- No. 36 says No Buying</p> <p>8 Decision Today. What does that mean?</p> <p>9 A We're informing the client that</p> <p>10 we're not asking them to buy anything, to open</p> <p>11 an account or anything, pressure them into doing</p> <p>12 anything without giving them more information.</p> <p>13 Q Okay. And would you describe that --</p> <p>14 well, you had your prior testimony. Does that</p> <p>15 comport with what I'll call a low-pressure sales</p> <p>16 process?</p> <p>17 A Yeah. I mean, I don't think --</p> <p>18 I don't talk to somebody -- I think I talk to</p> <p>19 somebody probably for about four hours before I ask</p> <p>20 them for their business.</p> <p>21 Q And directing your attention to CFTC</p> <p>22 Exhibit 134, the attachments, pages 1 through 30,</p> <p>23 was this a document that would have been approved</p> <p>24 by the compliance department at Long Leaf Trading?</p>

	Page 421		Page 423
1 A This document?		1 Q And you're discussing --	
2 Q Yes.		2 A It's not --	
3 A Yes.		3 Q Which page are you talking about?	
4 Q Do you recall testimony or questions		4 A The risk disclosure again is done	
5 you received about performance that customers at		5 at the end of the presentation before --	
6 Long Leaf Trading incurred or had?		6 Q Okay.	
7 A Do I recall questions about performance?		7 MR. BURDEN: Sorry. Could I have the	
8 Q Yes.		8 page on that, please.	
9 A Yeah.		9 THE WITNESS: It's not in the script.	
10 Q Okay. Did you ever see anything from		10 It's in the slide. So I think it would be	
11 a regulator or the AP or the firm that looked to be		11 in the Power Point --	
12 something along the lines of official performance,		12 MR. BURDEN: Got it.	
13 audited performance, anything like that during your		13 THE WITNESS: -- presentation.	
14 tenure -- or actually while you were at Long Leaf		14 BY MR. MAY:	
15 or thereafter?		15 Q Okay. We can put these away.	
16 A No.		16 So directing your attention to the exhibits we	
17 Q Do you recall questions or testimony about		17 used today, CFTC Exhibit 135, can you take a look	
18 the concept that past performance isn't indicative		18 at that?	
19 of future results?		19 A Yeah.	
20 A Yes.		20 Q Directing your attention to the document	
21 Q Okay. And do you have any idea		21 marked Ruth 037.	
22 of the origin of that concept? Do you know where		22 A Yep.	
23 it comes from?		23 Q Do you recall testimony about negative	
24 A It comes from CFTC and NFA disclosures.		24 marks on your -- I believe you described it as your	
	Page 422		Page 424
1 Q And would that be the kind of		1 NFA record or the lack of marks, negative marks	
2 disclosures that were referenced in account opening		2 on your NFA record?	
3 documents?		3 A I don't have any marks on my NFA record --	
4 A Yes, and as long -- and as part of the		4 Q Right, okay.	
5 sales solicitation process multiple times.		5 A -- that I know of.	
6 Q Okay. And do you think that that is		6 Q Okay. And where would one go to look	
7 somewhere in what we were referring to, Exhibit 134,		7 for that?	
8 page 1 where it says Title and Risk Disclosure? Is		8 A I've seen something called BASIC through	
9 that where you're discussing it?		9 the NFA website.	
10 A Yes. If you look at subsection 2,		10 Q Okay. And directing -- well, do you	
11 letter A, Risk Disclosure, and then verbally		11 see on document Ruth 037 on CFTC Exhibit 135, could	
12 saying in addition to the visual but first I want		12 you take a look at a document that says Liability	
13 to disclose that this is a solicitation to enter		13 Release Form?	
14 into an investment opportunity and there are		14 A Yes.	
15 risks associated with this and all investment		15 Q Okay. Looking at the second paragraph	
16 opportunities for that matter. So understand		16 where it starts, "It is understood," do you see	
17 that past performance is not necessarily indicative		17 that?	
18 of future performance.		18 A Correct.	
19 Q So it's read as well as shown?		19 Q Okay. Do you believe that looking	
20 A Yes, in the end of the presentation		20 at that sentence, that this document would ban a	
21 as well.		21 client from posting a negative review after signing	
22 Q Could you direct me to that?		22 this document?	
23 A There (indicating). It's brought up		23 A I don't think it bans them. I just	
24 as a visual right here if you look at the slides.		24 think that it -- that they essentially could be	

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<p>1 subject to civil penalties in the event that they      2 did violate the terms of the release.      3 Q Are they giving up the right to post      4 something negative, do you think, based on this      5 language?      6 A Yes.      7 Q Directing your attention to CFTC      8 Exhibit 135, document Ruth -- marked Ruth 038      9 and Ruth 039, these are I believe testimony      10 from a -- I'm sorry, documents from an attorney,      11 Thomas F. Burke. Could you take a look at those      12 bills and see if there's a reference made to any      13 particular client in the services include portions?      14 A It does not.      15 Q Okay. Directing your attention to      16 CFTC Exhibit 136, which I believe is Bates stamped      17 Ruth 017 through Ruth 023, could you direct your --      18 directing your attention to page Ruth 022, go down      19 to the third --      20 A Wait. Ruth 22?      21 Q 022. It's on CFTC Exhibit 136. I believe      22 you're looking at 135.      23 A Oh, okay. 022?      24 Q Yes, the third paragraph down.</p>	<p>1 right corner Ruth 020.      2 A Yep.      3 Q Do you see the first full paragraph      4 starting with, "Mr. Ruth and other Long Leaf      5 employees on behalf of Long Leaf and through Gain      6 also engaged in churning in violation of California      7 Civil Code Section 3294 and SEC Rule 15c1-7"?      8 Do you see that?      9 A Yes.      10 Q Okay. I believe you just testified      11 you're a commodities broker. Are you subject to      12 SEC rules, to your knowledge?      13 A Not to my knowledge.      14 Q Directing your attention to      15 CFTC Exhibit -- well, I believe this is Group      16 Exhibit 136, the document entitled at the bottom      17 right corner Ruth 024. Are you there?      18 A Yep.      19 Q Okay. Halfway down on the first      20 numbered paragraph do you see the language that      21 says -- starts, "Nothing contained herein is to be      22 construed as an admission or evidence of liability      23 by LLTG and Gain"? Do you see that?      24 A Yes.</p>
Page 426	Page 428
<p>1 A Yep.      2 Q The third full paragraph down starting      3 with, "Securities brokers have a duty to, 1."      4 Have you found that?      5 A Okay.      6 Q Have you found that?      7 A Yeah.      8 Q Okay. Let me back up. Who is Priscilla      9 Lamar?      10 A Priscilla Lamar was a customer of mine at      11 Long Leaf Trading Group.      12 Q Okay. And this is a letter from      13 her attorney, CFTC Exhibit 136, is that correct?      14 A CFTC 136, yes, that's my understanding.      15 Q Okay. And were you a securities broker      16 to Priscilla Lamar?      17 A No.      18 Q What kind of broker were you?      19 A Commodity broker.      20 Q Directing your attention to CFTC      21 Exhibit 136, page Ruth 020, do you see that?      22 A CFTC, I'm sorry, what?      23 Q 136. The demand letter from Ms. Lamar's      24 attorney, the document Bates stamped in the bottom</p>	<p>1 Q Okay. And do you see the last      2 sentence in that paragraph, "Rather, each party      3 has entered into this Settlement Agreement solely      4 to avoid expense of litigation"?      5 A Yes.      6 Q Directing your attention to CFTC      7 Exhibit 136 and the document marked in the bottom      8 right corner Ruth 025.      9 A 25?      10 Q Ruth 025.      11 A Yep.      12 Q Do you see the numbered paragraph that      13 starts with the No. 4?      14 A Yeah.      15 Q Could you read the first and second      16 sentence for me?      17 A "Customer covenants not to disclose      18 the terms of this Settlement Agreement and Release.      19 Customer agrees to pay LLTG as liquidated damages      20 a sum equal to \$500 for each such occurrence if      21 the terms of this Settlement Agreement and Release      22 are disclosed by Customer. Notwithstanding the      23 foregoing, Customer release of information to the      24 Commodity Futures Trading Commission, the National</p>

<p style="text-align: right;">Page 429</p> <p>1 Futures Association or in compliance with a lawful 2 subpoena shall not be construed as a violation of 3 this provision."</p> <p>4 Q Okay. Looking at that -- signatures 5 lower down on that same page, did you sign this 6 document?</p> <p>7 A No.</p> <p>8 Q Directing your attention to CFTC 9 Exhibit 137, and in the bottom right corner this 10 is a one-pager that's marked Ruth 028.</p> <p>11 A Yep.</p> <p>12 Q Look at the bottom email from you. Who 13 are you writing an email to?</p> <p>14 A Tim Evans.</p> <p>15 Q Okay. And what was the purpose for this 16 email?</p> <p>17 A I'm trying to find out -- it was 18 brought to my attention over a phone call with 19 Rebecca Wing that Priscilla Lamar, you know, she 20 just told me about this. I didn't have any of 21 the -- I didn't have, you know, the complaint from 22 the attorney, the settlement agreement and all this 23 kind of stuff, and she's very slow moving. And so 24 I reached out to Tim because I wanted to find out</p>	<p style="text-align: right;">Page 431</p> <p>1 A Yes. 2 Q I believe your testimony was you 3 expressed some skepticism about this document? 4 A That's correct. 5 Q And what were the reasons for your 6 skepticism?</p> <p>7 A Tim Evans already had access to all the 8 documents because he's the compliance department. 9 He approves them all and they're on the shared 10 drive, so why would he ask me for a copy of them. 11 And then going back to 140, there's like six days 12 in between of my email address sending it to him. 13 Again, documents that he already has.</p> <p>14 Q What's the significance of six days?</p> <p>15 A That's not something -- I wouldn't respond 16 to a superior six days later.</p> <p>17 Q And you would respond sooner or later?</p> <p>18 A Sooner.</p> <p>19 Q Directing your attention to CFTC 20 Exhibit 141, and this is the email from Jeremy 21 Ruth to Tim Evans dated 4/8/2017. Subject is 22 Custom. The attachments are Custom Version 3.pptx. 23 Can you look at the second page of the attachment?</p> <p>24 A Yes.</p>
<p style="text-align: right;">Page 430</p> <p>1 about it now because this is -- I think it's odd 2 that something that happened, I don't know, like 3 a year ago was just brought to my attention a year 4 later.</p> <p>5 Q And what if anything did Mr. Evans 6 tell you? And I'm directing your attention to 7 the third sentence in his response to your email.</p> <p>8 A "There is nothing to respond to, 9 as I and everyone at Long Leaf acted in a legal 10 and ethical manner while I owned the company."</p> <p>11 Q And the fourth sentence?</p> <p>12 A "That included the entirety of your 13 employment there."</p> <p>14 Q Okay. Directing your attention to CFTC 15 Exhibit 140, do you have that one?</p> <p>16 A Which one?</p> <p>17 Q 140.</p> <p>18 A All right.</p> <p>19 Q Actually, let's put 140 away for 20 a second. Sorry about that. Let's look at CFTC 21 Exhibit 139.</p> <p>22 A Okay.</p> <p>23 Q Do you recall your testimony and being 24 asked about this document?</p>	<p style="text-align: right;">Page 432</p> <p>1 Q What is this? 2 A The risk disclosure slide. 3 Q Have we seen this before? 4 A Yes. 5 Q Where? 6 A In the senior broker demo script that 7 we were previously looking at. 8 Q So this is a slide of a presentation, 9 is that correct, CFTC Exhibit 141?</p> <p>10 A Yes.</p> <p>11 Q And so walk me through how this is 12 displayed to a potential client.</p> <p>13 A We're on the phone with them. They're 14 on their phone. And then this is utilized over 15 online software called Join.me, which gives them 16 the ability to view this from their home computer 17 or laptop or tablet, whatever.</p> <p>18 Q Okay. Could you turn to the page 19 that starts in this CFTC Exhibit 141, it says 20 Equally Weighted Assets and there's a circle that 21 says 76.5 percent asterisk.</p> <p>22 A I'm sorry. Yes, yes. Where are you 23 seeing that?</p> <p>24 Q It's towards the back.</p>

<p style="text-align: right;">Page 433</p> <p>1 A Oh, there we go. Yep.</p> <p>2 Q What is being depicted on this slide?</p> <p>3 A It's talking about equally weighted assets.</p> <p>4 Q And the 76.5 percent, what's the importance 5 of that?</p> <p>6 A It's the study that's being cited.</p> <p>7 Q Okay. And what does it mean that 8 76.5 percent of all options held to expiration at 9 the Chicago Mercantile Exchange expire worthless?</p> <p>10 Why is that important?</p> <p>11 A Why is it important?</p> <p>12 Q Um-hmm.</p> <p>13 A Because it -- an investor, I guess 14 you could look at it as you have a -- it could tell 15 an investor -- I mean, you can tell a lot of things 16 from it. An investor could say, well, the chances 17 of buying options and them becoming profitable is 18 not good. You could say, well, it's a zero sum 19 game. So for every winner -- loser there has to 20 be a winner. So maybe if I'm on the other side 21 of the transaction, that can be advantageous for 22 me. It's a lot of things.</p> <p>23 Q Okay. And is it true that the study 24 source is cited in this slide?</p>	<p style="text-align: right;">Page 435</p> <p>1 A Yeah.</p> <p>2 Q Could you read the information in the 3 first paragraph under the leaf?</p> <p>4 A "Trading futures involves risk of 5 loss and is not suitable for all investors. Past 6 performance is not necessarily indicative of future 7 results."</p> <p>8 Q Okay. And I had a question for you. 9 Was that language included on every email that you 10 would have sent to a customer?</p> <p>11 A I'm going to say 99.9 percent of the 12 time. If I sent an email from my cell phone would 13 be the only time that it didn't, but I rarely sent 14 an email from my cell phone.</p> <p>15 Q So was it prepopulated? Did you need to 16 cut and paste it? How did --</p> <p>17 A No.</p> <p>18 Q -- it get there?</p> <p>19 A It's the signature line of my Outlook 20 email.</p> <p>21 Q Well, directing your attention to 22 CFTC Exhibit 146, it's an email from Jeremy Ruth 23 to Tim Evans dated September 19, 2016. And that 24 looks like a signature line for you, Jeremy Ruth,</p>
<p style="text-align: right;">Page 434</p> <p>1 A Yes.</p> <p>2 Q Okay. And where else have we seen 3 or heard something about roughly 75 percent of 4 options expire worthless if held to expiration?</p> <p>5 A In the demo script, which is included 6 in Exhibit 140 and somewhere in there as well 7 (indicating).</p> <p>8 Q Have we heard any calls where maybe this 9 76.5 percent was cited?</p> <p>10 A I think in Exhibit 133, talk about 11 it in a recorded phone call that in the event 12 that 76.5 percent of options do expire worthless, 13 there's some quote about that in that phone call.</p> <p>14 Q Okay. Directing your attention to 15 CFTC Exhibit 110 that's in your pile, it's from 16 today.</p> <p>17 A All right. 110, gotcha.</p> <p>18 Q I'm looking at the email from James 19 Leeney at Long Leaf Trading sent on 4/27/17 to 20 Jeremy Ruth at Long Leaf Trading. Subject is Calls 21 to Review. Do you see the part -- it looks like 22 there's a picture of a leaf or something along that 23 line under the language that's James Leeney, senior 24 market strategist, Long Leaf Trading Group.</p>	<p style="text-align: right;">Page 436</p> <p>1 senior commodity associate, Long Leaf Trading 2 Group.</p> <p>3 A Yep.</p> <p>4 Q Is that disclosure language that you 5 just read from CFTC Exhibit 110 contained in this 6 email?</p> <p>7 A Yes.</p> <p>8 Q Directing your attention to CFTC 9 Exhibit 147 --</p> <p>10 A Got it.</p> <p>11 Q -- I'm going to read -- this 12 is an email purportedly from Jeremy Ruth at 13 longleaftrading.com dated February 6, 2017 to 14 a Vince Prieto and a number of other persons with 15 Long Leaf emails. And the subject is Demo Flake 16 Attempting Reschedule - New List. I'm going to 17 read some language, and I want you to kind of 18 explain what that means. In the first paragraph, 19 "There are 400 leads on this list." Do you see 20 that?</p> <p>21 A Correct.</p> <p>22 Q "I expect these to be either reset 23 or moved to not interested." What does that mean? 24 What are you trying to communicate there?</p>

<p>1 A To either reset the appointment or 2 to disposition the lead record as not interested, 3 meaning that the client's not interested. 4 Q What happens when the client's not 5 interested? Do they ever get contacted again? 6 A That would be up to Tim Evans, but 7 the solicitation process stops and the lead is 8 essentially dead, and I don't know if they're 9 recycled at a later time or what. 10 Q Okay. Directing your attention to CFTC 11 Exhibit 149. 12 A Gotcha. 13 Q So this -- I'm looking at the bottom 14 of the page. It says it is an email from Jeremy 15 Ruth at Long Leaf Trading Company dated Monday, 16 July 24, 2017 to zinvesting@msn.com. The subject 17 is Emailing Account Documents_Christopher Zolton. 18 What if anything is going on here? And tell me 19 whether this is -- 20 A Yeah. I made it part of my process 21 where, you know, during the account opening process, 22 during the application you have the ability as the 23 user to download the account documents. I wanted 24 to make sure that I knew that they had a copy of</p>	<p>Page 437</p> <p>1 Q You don't what? 2 A Own the firm. 3 Q And do you recall testimony about 4 maybe the reason why account performance was or 5 was not allowed to be produced? 6 A Yes. 7 Q I'm going to make a statement and 8 you tell me if you think it's correct. Do you 9 believe that maybe the CFTC laws or regulations 10 would prohibit production of account performance? 11 A For -- specifically for the Time Means 12 Money program, yes. 13 Q Okay. And what would you expect 14 the possible ramifications if somebody produced 15 something for the Time Means Money program and 16 the performance was inaccurate, let's say either 17 too high or too low, what would be the possible 18 ramifications vis-a-vis a regulator? 19 A I would assume substantial fines, loss 20 of licensing, things of that nature. 21 Q Okay. 22 A But -- 23 Q I believe I just have one more 24 question, Mr. Ruth. Do you recall testimony --</p>
<p>1 their account documents. So I would send them 2 their account documents through email in addition 3 to that so I can, you know, have a record of the 4 fact that they received the account documents. 5 MS. STREIT: How much more do you have, 6 Mr. May? It's almost 5 o'clock. 7 MR. MAY: Yeah. Maybe -- 8 MR. BURDEN: You can go for absolutely 9 as long as you want. 10 MR. MAY: There's -- no. I mean, 11 I probably have less than five minutes. 12 MS. STREIT: All right. 13 MR. MAY: Don't want to ruin anyone's 14 weekend. 15 Q Mr. Ruth, did you have any -- do you 16 recall questions about maybe whether you hired an 17 attorney to assist you in understanding CFTC or NFA 18 rules and requirements? 19 A When? 20 Q Earlier today. Do you recall any questions 21 like that? 22 A Oh, do I recall? Yes. 23 Q Okay. And what was your testimony on that? 24 A No, I'm an AP. I don't own the firm.</p>	<p>Page 438</p> <p>1 and it happened today. I'll posit that -- about 2 maybe the last day you worked at Long Leaf Trading? 3 A Do I recall the last day I worked at 4 Long Leaf Trading? 5 Q No. Do you recall your testimony about 6 the day -- 7 A Yes. 8 Q -- last day you worked at Long Leaf 9 Trading? And I believe you mentioned that the 10 performance was bad, is that -- 11 A Of the specific month, yes. 12 Q Okay. Well, that was one of my questions. 13 And -- 14 A And when I say bad, I just mean it's 15 a losing month. I don't know how much. I don't 16 know anything. I think in my testimony I 17 represented that like accounts were down 85 percent. 18 To clarify, that would probably be -- I mean, some 19 accounts that I can, you know -- not everybody 20 starts at the same time. Not everybody went through 21 that. But I recall, I don't know, maybe a couple 22 people that were down that much. But that's not 23 representative of all the clients that I had. 24 Q Okay. And then what month was the last</p>

<p>1 month you were at Long Leaf Trading?</p> <p>2 A August 2017.</p> <p>3 Q Okay. And during the time you were at</p> <p>4 Long Leaf Trading with the spread trades, how many</p> <p>5 positions were usually recommended by Mr. Evans?</p> <p>6 A Hundred percent.</p> <p>7 Q Well, how many positions would he</p> <p>8 recommend, option positions? Was it --</p> <p>9 A Four per month.</p> <p>10 Q Four per month, okay. So if the</p> <p>11 performance was bad on a particular month, could</p> <p>12 you suggest to us, would that be a month where the</p> <p>13 positions were half winning, half losing?</p> <p>14 A I mean, it could depend. I mean,</p> <p>15 you could win three positions and technically</p> <p>16 you could still lose money on the month depending</p> <p>17 on how the positions are designed, so ...</p> <p>18 Q Do you recall the exact specific</p> <p>19 performance of the four positions in August of</p> <p>20 2017?</p> <p>21 A I remember it being a bad month and</p> <p>22 maybe they all lost. I don't know specifically.</p> <p>23 Q Okay.</p> <p>24 A It's a while ago.</p>	<p style="text-align: right;">Page 441</p> <p>1 that any account will or is likely to achieve</p> <p>2 profits or losses similar to those being shown.</p> <p>3 I know that's a mouthful, but have you heard that</p> <p>4 before?</p> <p>5 A That's the disclosure with simulated</p> <p>6 trading.</p> <p>7 Q Say that one more time, please.</p> <p>8 A Disclosure of simulated trading, I believe.</p> <p>9 Q All right. Is that -- have you ever</p> <p>10 related that orally to any customers or prospective</p> <p>11 customers?</p> <p>12 A I don't think it's applicable to the --</p> <p>13 Q So let's get into that in a minute, but</p> <p>14 let me ask you first.</p> <p>15 A It might have been done in writing through</p> <p>16 the account forms. I'm not familiar exactly.</p> <p>17 Q Did you personally --</p> <p>18 A It's on --</p> <p>19 Q -- make that disclosure --</p> <p>20 A No.</p> <p>21 Q -- to any customers?</p> <p>22 A I only make the disclosures that were</p> <p>23 given to me in the script that's approved by the</p> <p>24 compliance department.</p>
<p style="text-align: right;">Page 442</p> <p>1 MR. MAY: Okay. I don't have anything</p> <p>2 else.</p> <p>3 MR. BURDEN: All right. I've got one</p> <p>4 more and then I'll ask you guys again if you</p> <p>5 have followup.</p> <p>6 FURTHER EXAMINATION</p> <p>7 BY MR. BURDEN:</p> <p>8 Q Mr. Ruth, I'm going to read some</p> <p>9 verbiage to you and I'm going to ask you if you've</p> <p>10 heard this before, said it before, all right?</p> <p>11 A Sure.</p> <p>12 Q All right. These results are based</p> <p>13 on simulated or hypothetical performance results</p> <p>14 that have certain inherent limitations. Unlike</p> <p>15 the results shown in an actual performance record,</p> <p>16 these results do not represent actual trading.</p> <p>17 Also, because these trades have not actually been</p> <p>18 executed, these results may have over the -- may</p> <p>19 have under or overcompensated for the impact, if</p> <p>20 any, of certain market factors, such as lack of</p> <p>21 liquidity. Simulated or hypothetical trading</p> <p>22 programs in general are also subject to the</p> <p>23 fact that they are designed with the benefit</p> <p>24 of hindsight. No representation is being made</p>	<p style="text-align: right;">Page 444</p> <p>1 Q All right. Was this disclosure that</p> <p>2 I just read from 17 CFR 4.41, was that in any of the</p> <p>3 materials given to you by compliance?</p> <p>4 A Unless if they're in the account</p> <p>5 forms for Gain Capital, that would be the only</p> <p>6 place I could say. I don't know. Otherwise, no,</p> <p>7 I did not -- it was not given to me.</p> <p>8 Q Okay. So that will do it for me.</p> <p>9 Mr. Ruth, anything else you want to clarify</p> <p>10 or correct in your testimony over the last two</p> <p>11 days we've been doing it?</p> <p>12 A My understanding is that you're</p> <p>13 investigating Long Leaf Trading Group, and I wanted</p> <p>14 to throw you a bone here.</p> <p>15 Q Great. Let's have it.</p> <p>16 A I found this out from I think this</p> <p>17 document, which is from Priscilla Lamar's attorney,</p> <p>18 but it talks about some guy who's a broker at Long</p> <p>19 Leaf. Well, that brings me to my point. He's not</p> <p>20 a broker at Long Leaf Trading Group because I think</p> <p>21 he was acting as a broker unlicensed.</p> <p>22 Q And who is that person, please.</p> <p>23 A Andrew Nelson maybe. But I guess he</p> <p>24 represented -- he talked about me to Priscilla</p>

<p>1 Lamar in an untruthful manner.</p> <p>2 Q How do you know that?</p> <p>3 A Because I didn't mishandle -- first</p> <p>4 of all, it said something about mishandling like</p> <p>5 her funds. Like I don't touch or see her money</p> <p>6 and I don't make the trades, so I know that. But,</p> <p>7 yeah, I don't --</p> <p>8 MR. MAY: What document are you looking at?</p> <p>9 THE WITNESS: I think it's 136.</p> <p>10 MR. MAY: CFTC Exhibit 136?</p> <p>11 THE WITNESS: Yeah.</p> <p>12 MR. MAY: Okay.</p> <p>13 A But I think it might be missing the</p> <p>14 page where it talks about him. I don't know.</p> <p>15 My point is is that there's an unlicensed broker</p> <p>16 who, you know, not only through this. I've heard</p> <p>17 that, that he's been talking to people I know but</p> <p>18 like, you know, through the grapevine he -- I've</p> <p>19 been told that he's conducting himself as a broker.</p> <p>20 So I'm sure you're aware of it, but if not --</p> <p>21 BY MR. BURDEN:</p> <p>22 Q Thank you.</p> <p>23 A You're welcome.</p> <p>24 MR. MAY: Is that your good deed for</p>	<p>Page 445</p> <p>1 STATE OF ILLINOIS)</p> <p>) SS.</p> <p>2 COUNTY OF C O O K)</p> <p>3</p> <p>4 I, MARY MASLOWSKI, CSR, do hereby</p> <p>5 certify that I reported in shorthand the proceedings</p> <p>6 had at the examination under oath aforesaid, and</p> <p>7 that the foregoing is a true, complete and accurate</p> <p>8 transcript of the proceedings at said examination</p> <p>9 under oath as appears from the stenographic notes so</p> <p>10 taken and transcribed on the 22nd day of October,</p> <p>11 2019.</p> <p>12</p> <p>13</p> <p>14</p> <p>15 Certified Shorthand Reporter</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>
<p>1 the day?</p> <p>2 THE WITNESS: Yes.</p> <p>3 MR. MAY: Okay.</p> <p>4 BY MR. BURDEN:</p> <p>5 Q All right. Any other aspects of your</p> <p>6 testimony you would like to clarify or correct?</p> <p>7 A No. I just have a logistical question</p> <p>8 off the record.</p> <p>9 MR. BURDEN: Mr. May, anything else?</p> <p>10 MR. MAY: No. Thank you.</p> <p>11 MR. BURDEN: Off the record, please.</p> <p>12 WHICH WERE ALL THE PROCEEDINGS</p> <p>13 HAD OR OFFERED AT SAID HEARING</p> <p>14 OF THE ABOVE-ENTITLED CAUSE.</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p>Page 446</p>